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File #: 209277

July 6, 2026

VIA ELECTRONIC FILING

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

Re: **Pennsylvania Public Utility Commission, *et al.* v. UGI Utilities, Inc. - Gas Division**
Docket Nos. R-2025-3059523, *et al.*

Dear Secretary Homsher:

On behalf of UGI Utilities, Inc. – Gas Division, please find attached for filing the Joint Petition for Approval of Settlement of All Issues ("Settlement") in the above-referenced proceeding. Accompanying the Settlement are the following appendices:

Appendix A – *Pro Forma* Tariff
Appendix B – Proof of Revenue
Appendix C – Bill Impacts
Appendix D – Proposed Findings of Fact
Appendix E – Proposed Conclusions of Law
Appendix F – Proposed Ordering Paragraphs
Appendix G – Statement in Support of UGI Utilities, Inc. – Gas Division
Appendix H – Statement in Support of the Bureau of Investigation and Enforcement
Appendix I – Statement in Support of the Office of Consumer Advocate
Appendix J – Statement in Support of the Office of Small Business Advocate
Appendix K – Statement in Support of the Retail Energy Supply Association

Word versions of each party's Statement in Support will be submitted separately by each party to the assigned Administrative Law Judges. UGI Gas further understands that the UGI Industrial Intervenors will submit a letter of non-opposition to the Settlement under separate cover.

Pursuant to the instructions of the assigned Administrative Law Judges, all customer complainants will be mailed a copy of the Settlement and supporting documents. **Any comments in support**

or opposition of the Settlement must be filed with the Commission, and served upon the assigned Administrative Law Judges via their legal assistance (Pam McNeal at pmcneal@pa.gov and Eric Ball at erball@pa.gov) and the parties to this proceeding on or before July 15, 2026.

Copies of the Joint Petition for Settlement will be provided per the Certificate of Service.

Respectfully submitted,

Garrett P. Lent

GPL/sll
Attachment

cc: The Honorable F. Joseph Brady (*via email; w/attachment*)
The Honorable Alphonso Arnold, III (*via email; w/attachment*)
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).

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Reading, PA 19602

Date: July 6, 2026

Alice A. Wade

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3059523, *et al.*
	:	
UGI Utilities, Inc. – Gas Division	:	

JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES

TO THE PRESIDING ADMINISTRATIVE LAW JUDGES F. JOSEPH BRADY AND ALPHONSO ARNOLD III:

I. INTRODUCTION

UGI Utilities, Inc. – Gas Division ("UGI Gas" or the "Company"), the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Retail Energy Supply Association ("RESA") (collectively, "Joint Petitioners"),[1] hereby file this Joint Petition for Approval of Settlement of All Issues ("Settlement") and respectfully request that the Presiding Administrative Law Judges F. Joseph Brady ("ALJ Brady") and Alphonso Arnold III ("ALJ Arnold") (collectively, "ALJs") and the Commission approve UGI Gas's above-captioned distribution base rate increase filing subject to the terms and conditions of the Settlement. The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), another active party to the proceeding, has indicated that they do not oppose the Settlement.

[1] Twenty-one individuals filed *pro se* formal complaints opposing the proposed rate increase. None were active parties to the proceeding. A complete copy of this Settlement is being served on all formal complainants.

This Settlement represents a full settlement of all issues and concerns raised in the instant proceeding. The Settlement provides for increases in rates, as set forth in the *pro forma* tariff supplement attached hereto as **Appendix A-1**[2] and the proof of revenues attached hereto as **Appendix B**, designed to produce a net increase in annual distribution operating revenues of $65 million,[3] based upon a Fully Projected Future Test Year ending September 30, 2027 ("FPFTY"). Appendix B also provides the allocation among the customer classes of the base operating revenues provided for by this Settlement. The effect of the Settlement on representative Residential, Small Commercial, Large Commercial, and Industrial customer rates (on both a total bill basis and a distribution only basis) is set forth in the tables provided in **Appendix C. Appendix C** contains the information required to determine the total average bill for Residential, Small Commercial, Large Commercial, and Industrial customers under the Settlement, as well as the percentage increase that will result for each of these classes.[4] Proposed Findings of Fact, Conclusions of Law, and Ordering Paragraphs are provided as **Appendices D-F**, respectively. The Joint Petitioners' Statements in Support are provided as **Appendices G through K.** The Proposed Findings of Fact and certain of the Joint Petitioners' Statements in Support provide a review of the record evidence regarding the parties' respective positions on UGI Gas's revenue requirement proposals, including its proposed capital structure and return on equity. [5]

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND

1. This proceeding was initiated on January 28, 2026, when UGI Gas filed Supplement No. 63 to UGI Gas Tariff – Pa. P.U.C. Nos. 7 and 7S ("Supplement No. 63") with the

[2] A redline of the *pro forma* tariff supplement is attached hereto as **Appendix A-2**.
[3] *See* paragraph 35 *infra*.
[4] *See also* Section IV, *infra*.
[5] *See also* Section IV, *infra*.

Commission to be effective for service rendered on or after March 29, 2026. It proposed changes to UGI Gas's base retail distribution rates designed to produce an increase in revenues of approximately $99.368 million, based upon data for the FPFTY ending September 30, 2027 ("2026 Base Rate Case"). The filing was made in compliance with the Commission's regulations and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

2. On February 3, 2026, I&E filed its Notice of Appearance.

3. On February 6, 2026, the OSBA filed a Notice of Appearance.

4. On February 6, 2026, the OCA filed its Notice of Appearance, a Public Statement, and a Formal Complaint in the 2026 Base Rate Case, which was docketed at Docket No. C-2026-3060342.

5. On February 9, 2026, the OSBA filed a Public Statement, a Formal Complaint, and a Verification in the 2026 Base Rate Case, which was docketed at Docket No. C-2026-3060353.

6. On February 10, 2026, CAUSE-PA filed a Notice of Appearance, Formal Complaint, and Verification in the 2026 Base Rate Case, which was docketed at Docket No. C-2026-3060448.

7. On February 19, 2026, the Commission issued an Order suspending Supplement No. 63.

8. On February 19, 2026, the Commission issued a Call-In Telephone Prehearing Conference Notice. This issuance scheduled a Telephone Prehearing Conference to occur on March 6, 2026.

9. On February 20, 2026, the ALJs issued a Prehearing Conference Order.

10. Also on February 20, 2026, RESA filed a Petition to Intervene.

11. On February 23, 2026, I&E filed a Notice of Appearance for Joanna Toft-Funk.

12. On March 4, 2026, in accordance with the ALJs Prehearing Conference Order, OCA, OSBA, I&E, RESA, and CAUSE-PA (collectively, the "Other Parties") and UGI Gas filed prehearing memoranda.

13. On March 6, 2026, the Prehearing Conference proceeded as scheduled.

14. On March 13, 2026, the ALJs issued a Prehearing Order setting a procedural schedule setting evidentiary hearings for June 2-4, 2026, as well as an In-Person Evidentiary Hearing Notice indicating the date and time of the evidentiary hearings.

15. Also on March 13, 2026, UGI Gas filed a Motion for a Protective Order. This motion was granted by Order on March 18, 2026.

16. On March 16, 2026, an In-Person and Telephonic Public Input Hearings Notice was issued setting in-person public input hearings on Monday, March 30, 2026, in Lancaster; Wednesday, April 1, 2026, in Wilkes-Barre; Monday, April 6, 2026, in Allentown; and Tuesday, April 7, 2026, in Reading. Telephonic hearings were scheduled on Friday, April 3, 2026. Additional telephonic public input hearings were scheduled on Thursday, April 9, 2026, pursuant to a notice issued on March 23, 2026.

17. On April 2, 2026, UGI Gas withdrew the appearance of Lindsay Berkstresser as in-house counsel for UGI Gas.

18. On April 7, 2026, OCA filed a letter giving notice that it would be sponsoring Zachary F. Teti as an additional witness.

19. On April 13, 2026, in accordance with the prehearing schedule, the Other Parties served the following direct testimony, including associated exhibits, in the proceeding:

a) I&E: I&E Statement No. 1, Direct Testimony of Zachari Walker (NON-PROPRIETARY & PROPRIETARY); I&E Statement No. 2, Direct

Testimony of Drew Breuning; I&E Statement No. 3, Direct Testimony of Ethan Cline; and OCA Statement No. 4, Direct Testimony of Anna Ritchie.

b) OCA: OCA Statement 1, Direct Testimony of Michael Deupree; OCA Statement 2, Direct Testimony of Jennifer L. Rogers (PUBLIC & CONFIDENTIAL); OCA Statement 3, Direct Testimony of David J. Garrett; OCA Statement 4, Direct Testimony of James S. Garren; OCA Statement 5, Direct Testimony of Barbara R. Alexander (PUBLIC & CONFIDENTIAL); OCA Statement 6, Direct Testimony of Roger Colton; and OCA Statement 7, Direct Testimony of Zachary Teti.

c) OSBA: OSBA Statement No. 1, Direct Testimony of Mark D. Ewen.

d) CAUSE-PA: CAUSE-PA Statement 1, Direct Testimony of Patrick M. Cicero.

e) RESA: RESA Statement No. 1, Direct Testimony of Christopher Reyes.

20. On April 21, 2026, OCA served OCA Statement 7Supp, Supplemental Direct Testimony of Zachary Teti.

21. On April 27, 2026, CAUSE-PA served an Erratum to CAUSE-PA Statement No. 1.

22. On May 13, 2026, UGI Gas and OSBA served the following rebuttal testimony, including associated exhibits:

a) UGI Gas: UGI Gas Statement No. 2-R, Rebuttal Testimony of Tracy A. Hazenstab (PUBLIC & CONFIDENTIAL); UGI Gas Statement No. 3-R, Rebuttal Testimony of Jill E. Walter; UGI Gas Statement No. 4-R, Rebuttal Testimony of Vivian K. Ressler (PUBLIC & CONFIDENTIAL); UGI Gas Statement No. 5-R, Rebuttal Testimony of Amy M. Keller; UGI Gas Statement No. 6-R, Rebuttal Testimony of John F. Wiedmayer; UGI Gas Statement No. 7-R, Rebuttal Testimony of Vicky A. Schappell; UGI Gas Statement No. 8-R, Rebuttal Testimony of Dylan W. D'Ascendis; UGI Gas Statement No. 10-R, Rebuttal Testimony of Sherry A. Epler; UGI Gas Statement No. 11-R, Rebuttal Testimony of John D. Taylor; UGI Gas Statement No. 12-R, Rebuttal Testimony of Brian J. Meilinger; UGI Gas Statement No. 13-R, Rebuttal Testimony of Daniel V. Adamo; UGI Gas Statement No. 14-R, Rebuttal Testimony of Timothy J. Angstadt; UGI Gas Statement No. 15-R, Rebuttal Testimony of Jessica R. Rogers; and UGI Gas Statement No. 16-R, Rebuttal Testimony of Cyndee S. Fang.

b) OSBA: OSBA Statement No. 1-R, Rebuttal Testimony of Mark D. Ewen.

23. On May 14, 2026, UGI Gas served a corrected version of the Rebuttal Testimony of Dylan W. D'Ascendis.

24. On May 27, 2026, OCA, CAUSE-PA, RESA, and I&E served the following surrebuttal testimony, including associated exhibits:

a) I&E: I&E Statement No. 1-SR, Surrebuttal Testimony of Zachari Walker (NON-PROPRIETARY & PROPRIETARY); I&E Statement No. 2-SR, Surrebuttal Testimony of Drew Breuning; I&E Statement No. 3-SR, Surrebuttal Testimony of Ethan Cline; and OCA Statement No. 4-SR, Surrebuttal Testimony of Anna Ritchie.

b) OCA: OCA Statement 1SR, Surrebuttal Testimony of Michael Deupree; OCA Statement 2SR, Surrebuttal Testimony of Jennifer L. Rogers (PUBLIC & CONFIDENTIAL); OCA Statement 3SR, Surrebuttal Testimony of David J. Garrett; OCA Statement 4SR, Surrebuttal Testimony of James S Garren; OCA Statement 5SR, Surrebuttal Testimony of Barbara R. Alexander; and OCA Statement 6SR, Surrebuttal Testimony of Roger Colton.

c) CAUSE-PA: CAUSE-PA St. 1-SR, Surrebuttal Testimony of Patrick M. Cicero.

d) RESA: RESA Statement No. 1-SR, Surrebuttal Testimony of Christopher Reyes.

25. On June 1, 2026, UGI Gas served the following rejoinder testimony, including associated exhibits:

a) UGI Gas: UGI Gas Statement No. 2-RJ, Rejoinder Testimony of Tracy A. Hazenstab (PUBLIC & CONFIDENTIAL); UGI Gas Statement No. 4-RJ, Rejoinder Testimony of Vivian K. Ressler (PUBLIC & CONFIDENTIAL); UGI Gas Statement No. 6-RJ, Rejoinder Testimony of John F. Wiedmayer; UGI Gas Statement No. 8-RJ, Rejoinder Testimony of Dylan W. D'Ascendis; UGI Gas Statement No. 11-RJ, Rejoinder Testimony of John D. Taylor; UGI Gas Statement No. 12-RJ, Rejoinder Testimony of Brian J. Meilinger; UGI Gas Statement No. 13-RJ, Rejoinder Testimony of Daniel V. Adamo; UGI Gas Statement No. 15-RJ, Rejoinder Testimony of Jessica R. Rogers; and UGI Gas Statement No. 16-RJ, Rejoinder Testimony of Cyndee S. Fang.

26. On June 2 and 3, 2026, the evidentiary hearings proceeded as scheduled.

27. The parties continued to engage in settlement negotiations, attempting to reach a full settlement on all issues in this proceeding.

28. On June 18, 2026, counsel for UGI Gas notified the ALJs via e-mail that UGI Gas, I&E, OCA, OSBA, and RESA had reached an agreement in principle as to a settlement of all issues in this matter. CAUSE-PA indicated that they will not oppose the same.

29. Pursuant to the Prehearing Order, the submission of a joint settlement petition together with all Parties' statements in support of the joint settlement petition is due by July 6, 2026.

30. As a result of the settlement efforts described above, the Joint Petitioners have agreed to a Settlement that fully resolves all issues among them. The Joint Petitioners are in full agreement that the Settlement is in the public interest as a reasonable resolution of their respective interests and should be approved. The Settlement agreed to by the Joint Petitioners is set forth in the following Section III.

31. UGI Gas is aware of the following Formal Complaints by individuals on the dates and at the dockets indicated:

- On January 29, 2026, Thomas Nagies filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060116.
- On January 29, 2026, Mustafa Kirisci filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060190.
- On February 2, 2026, Rik Bhattacharyya filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060305.
- On February 2, 2026, Josh Durham filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060434.
- On February 4, 2026, Daniel J. Luce II filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060290.
- On February 5, 2026, Serafima Zhuravska filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060439.

- On February 6, 2026, Roberta Zeek filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060442.

- On February 10, 2026, Cassandra Price filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060450.

- On February 10, 2026, Nathan Bahn filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060451.

- On February 11, 2026, Robert L. Spradley, Jr. filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060452.

- On February 13, 2026, Joseph Kohler filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060526.

- On February 26, 2026, Brian Dugas filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060745.

- On March 2, 2026, Kevin Clinebell filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061011.

- On March 4, 2026, David E. Gundrum filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061018.

- On March 6, 2026, Shannon Brown filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3060947.[6]

- On March 9, 2026, Carl E. Reichart filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061125.

- On March 27, 2026, Barbara Dunn filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061385.

- On March 31, 2026, William Davis filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061439.

- On April 7, 2026, Mary E. Hibbard filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061794.

- On April 8, 2026, Roxann E. Curran filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3061856.

[6] Shannon Brown filed Objections and Motion to Amend the Protective Order, a Petition to Withdraw her Formal Complaint (styled as a "Motion to Dismiss Formal Complaint"), Amended Objections and Motion to Amend Protective Order, and a Petition to Withdraw her Motion to Dismiss Formal Complaint. On April 30, 2026, the ALJs issued an Order denying Complainant Shannon Brown's Motion to Dismiss Formal Complaint and Amended Objections and Motion to Amend Protective Order.

- On May 21, 2026, Merle Ward filed a *pro se* Formal Complaint. The Complaint was docketed at C-2026-3062680.

32. On June 22, 2026, ALJ Brady indicated that UGI Gas should serve this settlement petition on the Complainants listed in paragraph 31 on July 6, 2026, and notify the Complainants that they may file comments in support or opposition by July 15, 2026. UGI has served the settlement petition on the Complainants concurrent with service on all other parties.

III. SETTLEMENT

A. GENERAL

33. The following terms of this Settlement reflect a carefully balanced compromise of the Joint Petitioners' positions on various issues. The Joint Petitioners agree that the Settlement is in the public interest.

34. The Joint Petitioners agree that UGI Gas's 2026 Base Rate Case filing should be approved, including those tariff changes included in and specifically identified in **Appendix A** attached hereto, subject to the terms and conditions of this Settlement that are specified below.

B. REVENUE REQUIREMENT

35. UGI Gas shall be permitted to implement an increase in base rate revenues of $65 million accomplished over two steps.

a) The increase effective October 1, 2026, or upon one day's notice of Commission order in this proceeding, whichever is later shall be $40 million.

b) The increase effective October 1, 2027, shall be $25 million.

36. The Company shall not file a Section 1308(d) general rate increase on or before January 15, 2029, provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a general increase in rates in compliance with Commission orders

or in response to fundamental changes in regulatory policies, legislative actions at the state or federal level, or state or federal tax policies affecting the Company's rates.

C. REVENUE ALLOCATION AND RATE DESIGN

37. Billing Determinants. Billing determinants will be set per UGI Gas Exhibit E – Proof of Revenue, and inclusive of the detailed adjustments identified in UGI Gas Exhibit SAE-1R.

38. Monthly Customer Charges. The monthly customer charges shall be those proposed by the Company except as set forth below:

a) Rate R/RT: $19.00 effective as of the date specified in Paragraph 3(a) and $20.00 effective as of the date specified in Paragraph 3(b).

39. Revenue Allocation. The revenue increase shall be achieved in accordance with the revenue allocation set forth in **Appendix B**.

D. WEATHER NORMALIZATION PILOT

40. Term. The Company will conduct a new pilot with respect to its Weather Normalization Adjustment ("WNA"), i.e., the "Second WNA Pilot,". The Second WNA Pilot will commence on November 1, 2027, and run through the date of entry of an order in the Company's next base rate proceeding.

41. Methodology. For the Second WNA Pilot, the parties agree that UGI Gas will continue the use of its existing WNA methodology, yet implement the use of a 5% deadband.

a) The Second WNA Pilot will use the Heating Degree Days ("HDDs") produced by the 10-year normal weather used to determine the Company's base rates and the actual experienced HDDs for the period from November 1 through April 30.

b) Under the Second WNA Pilot, the WNA will not apply to customers enrolled in the Company's Customer Assistance Program ("CAP").

42. Renewal. UGI Gas agrees to file for renewal, revision, extension, or elimination of the Second WNA Pilot as a part of its next base rate case. The parties reserve the right to challenge the renewal, revision, or extension of the Second WNA Pilot.

43. Existing WNA Methodology. The Company's WNA methodology in the proposed tariff in this proceeding (UGI Gas Exhibit F Proposed) will be approved and remain in effect through the billing month of April 2027.

E. CUSTOMER ASSISTANCE / RELATIONS

44. Operation Share. The Company shall provide a one-time payment to Operation Share in the amount of $250,000 in October 2026. This contribution will be in addition to the $1,000,000 contribution identified in the direct testimony of Hans G. Bell, UGI Gas St. No. 1. After the initial $250,000 in hardship fund contribution is made, UGI Gas shall maintain no less than $1.5 million in total annual contributions (inclusive of the $1,000,000 identified in St. No. 1) until the effective date of rates in its next base rate case. UGI Gas will evaluate the need to maintain this contribution level in its next base rate case.

45. Social Security Numbers. UGI Gas agrees to undertake a study that will identify the feasibility of ceasing the use of customer social security numbers, any associated policy/system changes required and the cost thereof, and the timeline for implementation. UGI Gas agrees to provide the results of the study to the parties to this proceeding on or before October 1, 2027.

46. Cost Effective Growth. To ensure cost effective growth that will benefit existing customers, UGI Gas will remove Section 5.1(b)(1) from the UGI Gas Tariff. Specifically, the language to be removed is:

(1) Service location is directly accessible from an existing or proposed (non-high pressure) Company main that would be extended up to one hundred fifty (150) feet

47. Expanded Arrearage Forgiveness Pilot Program.

a) Beginning on April 1, 2027, UGI Gas will implement an Expanded Arrearage Forgiveness Pilot Program that will remain in place through the effective date of rates established in its next base rate case. This program will be available to active customers with income levels of 151% to 300% of the Federal Poverty Income Guidelines ("FPIG"). UGI Gas will provide an eligible customer with the option of a 24-month payment plan on 50% of their current arrears. UGI Gas will require the customer to enroll in budget billing. Once enrolled, 50% of the arrears will be deferred (the "deferred balance"). For each in full payment that the customer makes on their budget bill plus their arrears payment arrangement amount, UGI Gas will forgive 1/24th of the customer's deferred balance. Forgiveness dollars will be fully recoverable through the Company's Rider F – Universal Service Program ("USP"). The parties agree that cost recovery for the expanded arrearage forgiveness program will be capped at a maximum of $0.90 on the average residential customer's monthly bill. Once the program reaches the cap, the Company will stop enrolling new customers in the Expanded Arrearage Forgiveness Pilot Program. The Company shall track the yearly balances and present a yearly accounting in the next base rate filing.

b) If a customer participating in the Expanded Arrearage Forgiveness Pilot Program defaults on their payment arrangement, they will be permitted to

catch up all missed payments and earn forgiveness so long as they are a customer. UGI Gas will provide billing information consistent with the treatment of CAP customers that are past due, i.e., these customers will only see the past due amount on their arrangement/budget and not the total arrearage.

c) During the term of the Expanded Arrearage Forgiveness Pilot Program, a customer will only be able to participate in the pilot for one set of arrearages.

d) In its next base rate case, the Company will provide an analysis of the function of the Expanded Arrearage Forgiveness Pilot Program and propose whether it should continue or be terminated.

48. Website Information. UGI Gas Company will include OSBA's and OCA's contact information and a description of their services on the Company's website. The Company will also include a link to the Pennsylvania Bar Association's free legal answers. The information should be included at a prominent location on the relevant customer service page of the website.

49. Victims of Domestic Violence. UGI Gas will update protections for victims of domestic violence to also accept a written certification from a domestic violence counselor/advocate. This information will be treated as non-public and confidential information under the Company's confidentiality protocols for victims of domestic violence.

50. Security Deposit Refunds. UGI Gas will initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as "income verified low income" to the customer within 30 days.

a) UGI will amend Tariff Rule 3.3 (f) to change the words "and become enrolled in the Company's CAP" to "and are confirmed to be eligible for

the Company's CAP". This amendment is reflected in Appendix A to this Settlement.

b) UGI Gas will modify its processes and procedures regarding the low-income exemption from deposits. UGI Gas will accept ***any*** information beyond information on income and household size that would "attest to" the household's eligibility for a state benefit that is consistent with CAP income requirements. The Company will meet in a collaborative within 90 days of a final order in this proceeding to discuss with interested parties how COMPASS information may be used to confirm low-income customer exemption from deposits.

51. Low Income Screening.

a) UGI Gas will inform all new and moving customers that UGI Gas has reduced billed rates for income eligible households. UGI Gas will inquire whether these customers would like to provide their income to learn if they qualify. If a customer wants more information, UGI Gas will provide additional information on the program and eligibility.

b) UGI Gas will ask all non-emergency callers at the outset of the call whether as part of the call they would like to hear information regarding customer programs that provide reduced billed rates for income eligible households.

c) UGI Gas customers identified as low income through these regular screening processes will be offered an opportunity to enroll in the Company's CAP at that time and, if they are not able to be enrolled shall be

referred for enrollment in CAP and other universal service programs – as well as the Low Income Home Energy Assistance Program ("LIHEAP").

52. Low-Income Outreach and Assistance Pilot Program. The parties agree that UGI Gas will provide updates on the progress of its Low-Income Customer Assessment and Outreach Pilot, which was established as a part of the Commission-approved Settlement at Docket No. R-2024-3052716, at each of its Universal Service Advisory Committee ("USAC") meetings (i.e., between 2 to 4 times per year).

53. Field Conduct.

a) UGI Gas will develop a field training manual that sets forth the conditions that would require its field employees to not proceed with termination under the Commission's regulations at 52 Pa. Code § 56.94(1). UGI Gas will submit a draft of this field training manual to its USAC within 90 days of the date of entry of a final order approving this Settlement.

b) UGI Gas agrees that, beginning in the FPFTY, it will provide a dedicated reporting process for field workers to report customers identified as potentially being in distress or in need of assistance so that appropriate Company or community partners can conduct outreach. Beginning in the FPFTY and on an annual basis, UGI Gas will conduct mandatory training for all field employees to inform them of the program. The training will instruct employees on how to recognize observable indicators, including health concerns, confusion or disorientation, and unsafe home or equipment conditions, as well as the appropriate procedures for referring customers through the dedicated reporting process.

54. Targeted Customer Communications. UGI Gas will convene a collaborative of interested stakeholders, including the parties to this proceeding, to discuss the development of targeted customer communications regarding natural gas shopping within 60 days of the entry of an order approving the settlement. As part of the collaborative, UGI Gas will propose additional and/or more targeted customer communications to assist customers in ensuring affordability for basic natural gas service due to high natural gas supplier ("NGS") charges that appear on the customer bill that UGI Gas collects under threat of termination of service.

55. Customer Service.

a) During the effective years of the rates established by this Settlement, UGI Gas will maintain its call center performance at levels consistent with its average 2025-2026 (through May) performance as reported to the Commission. In working to maintain a quality level of service, UGI Gas will meet with the parties to this proceeding at least annually to discuss areas of challenge and the Company's plans to address the challenges.

b) UGI Gas has adopted internal performance and compliance-related performance indicators for its third-party call contractors. UGI Gas will report on these performance indicators in the meetings identified in subpart (a) and will include them in the direct testimony in its next base rate proceeding.

56. UGI Gas will report on its compliance with the Universal Service and Customer Service provisions set forth in Paragraphs 44-55 of this Settlement, and the provisions set forth in the Commission-approved settlement at Docket No. R-2024-3052716, to the parties in these proceedings no later than October 1 of each year until it has completed all commitments. UGI Gas

will also include information on each of these provisions and commitments in the next base rate case filing.

57. To clarify Paragraphs 59(b) and (c) of the Commission-approved Settlement at Docket No. R-2024-3052716, customers who have received a LIHEAP grant within the current or prior LIHEAP season and/or opted into LIHEAP data sharing are not required to provide income documentation for CAP, the Low-Income Usage Reduction Program ("LIURP"), or Operation Share.

F. DSIC/REPORTING

58. DSIC Eligible Plant. As of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in the Distribution System Improvement Charge ("DSIC") at the later of (1) the end of the FPFTY, or (2) once the total Utility Plant account balance exceeds $6,676,559,000 as projected by UGI Gas at September 30, 2027 per UGI Gas Exhibit A, Schedule C-1, line 1. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.

59. DSIC Equity Return. For purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for natural gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

60. Test Year Plant Reporting. The Company shall submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 4, 2027, which will include actual capital

expenditures, plant additions, and retirements by month from October 1, 2025 through September 30, 2026. An additional update for actuals from October 1, 2026 through September 30, 2027 shall be filed no later than January 3, 2028.

G. ACCOUNTING

61. Environmental Cost Recovery. The Company's proposed accounting treatment and recovery of certain environmental costs is approved as set forth in the direct testimony of Amy M. Keller, UGI Gas Statement No. 5, pages 16 – 18.

62. ADIT/EDFIT. The Company's Accumulated Deferred Income Tax ("ADIT") and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. Further, the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. Absent a change in federal or state law, regulation, judicial precedent or policy, the remaining unamortized EDFIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers.

63. Repairs Allowance. For purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a federal tax return have been normalized for ratemaking purposes and the appropriate related amount of tax effect of those deductions has been reflected as Accumulated Deferred Income Taxes as a reduction to UGI Gas's rate base.

64. Depreciation Rates. For the Company's accounting purposes, UGI Gas's as-filed depreciation rates are accepted. The parties to this proceeding disagree about the appropriate depreciation method to be used by UGI Gas for ratemaking purposes, and this Settlement should not be construed as agreement to any party's methodology. All parties reserve their respective

rights to address the depreciation methodology used for ratemaking purposes in any future base rate proceeding.

65. Rate Case Expense. The Company's revenue increase provided in this Settlement is reflective of a three-year normalization for ratemaking purposes and a three-year amortization for accounting purposes consistent with the period of time reflected in the stay-out provision. The Company will not claim any unamortized amount in a future rate case and agrees that normalization (as opposed to amortization) is the proper treatment for ratemaking purposes.

66. Information Technology ("IT") Capital Cost Treatment. The Company's proposed accounting treatment for certain IT costs is approved as set forth in the direct testimony of Vivian K. Ressler, UGI Gas Statement No. 4, pages 9 - 10.

H. GAS SAFETY

67. Pipeline Restoration Costs. UGI Gas will continue to produce a report for pipeline replacements, to be filed annually as part of its AAOP filing, identifying its ten most expensive restoration projects per year over the past three years, and specifically identifying costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. The Company will discuss the results of the annual reporting on restoration costs with the Commission's Pipeline Safety Division.

68. Methane Detectors. UGI Gas agrees to provide a copy of any analysis produced at the conclusion of the Gas Technology Institute ("GTI") pilot program investigating the use of Smart Remote Methane Detectors ("SRMDs") to the Pipeline Safety Division within 30 days of its production to UGI Gas. The Company also agrees to host a technical conference open to parties, Commission personnel, and other NGDCs to review the results of the GTI pilot, UGI Gas's pilot,

and to discuss policy and operational considerations regarding further deployment of Remote Methane Detectors ("RMDs") and SRMDs within 90 days of the conclusion of the GTI pilot.

I. SUPPLIER ISSUES

69. Purchase of Receivables. Within 90 days of the approval of the Settlement in this proceeding, UGI Gas will hold a workshop with interested parties, including the parties to this proceeding, to develop annual Choice Program reporting components to provide parties with a better understanding of the function of the Choice program on affordability.

70. Daily Imbalance Trading. UGI Gas will conduct a study to evaluate the feasibility of and cost associated with offering daily imbalance trading. The Company will provide the results of that study to the parties to this proceeding on or before March 1, 2027. Further, the Company will address the study on daily imbalance trading in its 2027 purchased gas cost ("PGC") proceeding, including any cost recovery associated with the implementation of IT upgrades necessary to facilitate daily imbalance trading.

71. Force Majeure. The Company will revise its tariff to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers. The revisions to its tariff are reflected in **Appendix A** to this Settlement.

72. Rate NNS. The parties agree that beginning on the effective date of new rates in this proceeding, Rate NNS will be established at $0.20 per Mcf.

J. UNIVERSAL SERVICE COST RECOVERY

73. UGI Gas's proposal to assign universal service costs to Rate XD on a negotiated basis is accepted as filed.

74. UGI Gas agrees to include a proposal for universal service and DSIC contributions each time it enters into contract negotiations with a Rate XD customer beginning on and after

October 1, 2026, or the first day of the first month after the Commission enters an order approving the settlement

K. TARIFF CLEANUP

75. UGI Gas will amend Tariff Rule 9.1 (a) as follows, as reflected in **Appendix A** to this Settlement:

a) Amend the rule to delineate grounds for termination that require notice from those that do not,

b) Specify 10-day notice is necessary prior to terminations that require notice.

c) Remove the phrase "(v) violation of tariff Rules and Regulations."

76. UGI Gas will review and revise its tariff to correct outdated references to state agencies and eliminate all references to expired sections of the Public Utility Code. These revisions are reflected in **Appendix A** to this Settlement.

77. UGI Gas agrees to provide tariff clarity on the availability of payment arrangements for Rate N/NT, consistent with the terms and conditions of the Commission-approved settlement of its 2025 Base Rate Case. The revisions to its tariff required to provide this clarity are reflected in **Appendix A** to this Settlement.

IV. ISSUES RAISED BY THE CHAIRMAN AND VICE CHAIR IN THEIR RESPECTIVE FEBRUARY 19, 2026 STATEMENTS IN THIS MATTER

78. Both Chairman Stephen F. DeFrank[7] and Vice Chair Kimberly Barrow[8] issued statements on February 19, 2026, which requested that certain matters be addressed during the course of this proceeding. The Chairman's Statement specifically requested that:

[7] Chairman DeFrank's February 19, 2026 Statement (hereinafter, "Chairman's Statement") is available at: https://www.puc.pa.gov/pcdocs/1914675.pdf.
[8] Vice Chair Barrow's February 19, 2026 Statement (hereinafter, "Vice Chair's Statement) is available at: https://www.puc.pa.gov/pcdocs/1914719.pdf.

> 1. Any settlement should identify the total average bill for UGI's residential, commercial, and industrial customers;
>
> 2. Any settlement should identify the exact percentage of rate increase that UGI's residential, commercial, and industrial customers will experience under the settlement rates compared to existing rates; and
>
> 3. The Recommend Decision should include the settlement rate impact information identified above.

Chairman's Statement, at p. 1. The Vice Chair's Statement indicated that:

> I urge the parties to take a critical look at the Company's requested rate of return and return on equity (ROE) as well as the capital structure (common equity ratio and debt capital) to ensure reasonableness. Deviations in each of these items translate into millions of dollars charged to customers of all rate classes. Too often, the relationship between debt and ROE to cost of debt and capital is asserted as a general matter from basic economic principle alone. But, those relationships are not established empirically. That empirical relationship must periodically be re-established. Therefore, I believe a careful and detailed review of UGI's claimed capital structure and ROE is warranted.

Vice Chair's Statement, at p. 1.

79. The ALJ's directed that the parties address these matters as a part of the Settlement submitted in this proceeding.

80. The Joint Petitioners respond to each of those items below and as may be more fully addressed in their Statements in Support.

81. First, **Appendix C** hereto contains the information required to address the Chairman's directive that "[a]ny settlement should identify the total average bill for UGI's residential, commercial, and industrial customers."

82. Second, **Appendix C** hereto contains the information required to address the Chairman's directive that "[a]ny settlement should identify the exact percentage of rate increase

that UGI's residential, commercial, and industrial customers will experience under the settlement rates compared to existing rates."

83. Third, regarding the Vice Chair's Statement, the Company's proposed capital structure and return on equity were the subject of extensive discovery and testimony in this proceeding. The Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement.

V. THE SETTLEMENT IS IN THE PUBLIC INTEREST

84. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and, at the same time, conserve administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. *See id.* § 69.401. To accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. PUC v. C.S. Water & Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

85. This Settlement was achieved by the Joint Petitioners after an extensive investigation of UGI Gas's filing, including extensive informal and formal discovery and the filing of substantial testimony by the active parties as well as a full evidentiary hearing where witnesses were subject to cross examination.

86. Approval of the Settlement without modification will reduce the time and expenses that the active parties and the Commission must expend on the proceedings.

87. The Joint Petitioners will further supplement the reasons that the Settlement is in the public interest in their Statements in Support. The Statements in Support are attached to this

Settlement as **Appendices G through K**. In their respective Statements in Support, each Joint Petitioner explains why, in its view, the Settlement is fair, just, and reasonable and reflects a reasonable compromise of the disputed issues in this proceeding.[9]

VI. SETTLEMENT CONDITIONS

88. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in this Settlement without modification. If the Commission modifies the Settlement, any Joint Petitioner may elect to withdraw from the Settlement and may proceed with litigation, and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission, and served upon all Joint Petitioners within five business days after the entry of an Order modifying the Settlement.

89. If the Commission approves the Settlement without modification, the Joint Petitioners acknowledge and agree that the rates, rules, and proposals set forth in the 2026 Gas Base Rate Case filing, as modified by the Settlement, shall be Commission-made rates.

90. This Settlement is proposed by the Joint Petitioners to settle all issues in the instant proceeding. If the Commission does not approve the Settlement without modification and the proceeding continues, the Joint Petitioners reserve their respective procedural rights to evidentiary hearings, submission of additional testimony and exhibits, cross-examination of witnesses, briefing, and argument of their respective positions. The Settlement is made without any admission against, or prejudice to, any position that any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

91. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Joint Petitioner's position with respect to

[9] It is noted that, because certain Joint Petitioners only participated with regard to certain issues in this proceeding, some of the Statements in Support may be limited in the scope of issues addressed.

any issues raised in this proceeding. The terms and conditions of the Settlement are limited to the facts of this specific case and are the product of compromise for the sole purpose of settling this case. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Parties may advance on the merits of the issues in future proceedings. This Settlement does not preclude the Joint Petitioners from taking other positions in proceedings of other public utilities under Section 1308 of the Public Utility Code, 66 Pa.C.S. § 1308, or any other proceeding.

92. Each term and condition set forth in this Joint Petition, whether or not set out in a numbered paragraph, shown in a table or other graphic presentation, bolded, italicized, or otherwise emphasized, or set forth in the body, a footnote, a parenthetical, an appendix, an exhibit, or otherwise, is material consideration to the entry into this Settlement by the signatory parties.

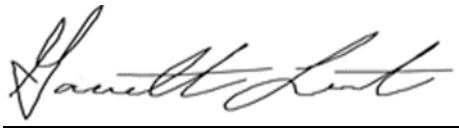
93. Unless otherwise expressly indicated, all terms and conditions contained herein shall take effect upon issuance of a final order in this proceeding, without the need or requirement for additional Commission review or approval.

94. If the ALJs recommend adopting the Settlement without modification, the Joint Petitioners waive their right to file Exceptions.

VII. CONCLUSION

WHEREFORE, the Joint Petitioners respectfully request that Administrative Law Judges F. Joseph Brady and Alphonso Arnold III approve of, and the Pennsylvania Public Utility Commission approve, this Joint Petition for Approval of Settlement of All Issues.

Respectfully submitted,



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APPENDIX A-1
PRO FORMA TARIFF

UGI UTILITIES, INC. – GAS DIVISION

GAS TARIFF

INCLUDING THE GAS SERVICE TARIFF NO. 7

AND

THE CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules

Governing the

Furnishing of

Gas Service and Choice Aggregation Service

in the

Territory Described Herein

Issued: Effective for service rendered on and after.

Issued By:

Jessica R. Rogers
Vice President – Rates & Regulatory Affairs
1 UGI Drive
Denver, PA 17517

https://www.ugi.com/tariffs

NOTICE

This tariff makes changes, increases and decreases to existing rates (see Page 2-2(a)).

LIST OF CHANGES MADE BY THIS SUPPLEMENT
(Page Numbers Refer to Official Tariff)

Cover Page
- Updated to reflect Supplement Number, Notice language, Issue and Effective dates.

Table of Contents, Page 3.
- Updated to include new Rule 24, Force Majeure

Rule 3, Guarantee of Payment, Page 30.
- Language "and become enrolled in" has been updated to "and are confirmed to be eligible for" the Company's CAP.

Rule 5, Extension Regulation, Page 35.
- Section 5.1(b)(1) has been removed and subsequent conditions have been renumbered.

Rule 8, Billing and Payment, Pages 42 & 45.
- Clarifying language added to section 8.4 as related to the timing of the periodic Budget Billing reviews.
- Formatting change to section 8.12, Payment Refunds, for consistency.
- Section 8.14 – Acceptable Forms of Payment has been added.
- Section 8.15 – N/NT Payment Arrangement Availability has been added.

Rule 9, Termination and Discontinuance of Service, Page 46.
- 9.1(a) phrase "(v) violation of tariff Rules and Regulations" has been removed and clarifying language that delineates when termination notice is and is not required has been added.
- 9.1(b) references to 'Department of Public Welfare' and 'DPW' has been replaced with 'Department of Human Services' and 'DHS'.

Rule 10, Rider A, State Tax Adjustment Surcharge, Page 48.
- The State Tax Adjustment Surcharge rate reset to 0.00%.

Rule 12, Rider C, Weather Normalization Adjustment, Page 53.
- The Weather Normalization Adjustment applicability has been updated to continue as a pilot ending on April 30, 2027.
- The WNA application period has been updated to reflect from October to April, instead of May.
- In Calculation of Adjustment Amount subsection (d), the Weather Normalization Adjustment has been changed from NHDD based upon the Delivery Region's 15-year average to 10-year average for the given day. Additionally, NHDD has been changed from being updated every 5 years to every rate case.

Rule 13, Rider D, Merchant Function Charge, Page 55.
- The rate has decreased for Residential PGC Customers to 2.37% and for Non-Residential PGC Customers to 0.47%.

Rule 15, Price to Compare, Page 57.
- The Price to Compare has changed as a result of the change to the Merchant Function Charge.

Rule 16, Rider F, Universal Service Program, Pages 58 & 59.

- The Universal Service Program applicability has added language for Rate XD customers on a negotiated basis and describes the applicability of the Rider and rate to Rate XD customers.
- The USP rate has added language to specify the rate for Rate R and Rate RT customers.

Issued: Effective for Service Rendered on and after

LIST OF CHANGES MADE BY THIS SUPPLEMENT - Continued
(Page Numbers Refer to Official Tariff)

- The specific number of 25,404 has been removed and the applicability date has been updated from September 30, 2025 to September 30, 2026.

Rule 19, Rider I, Distribution System Improvement Charge, Page 63.
- The rate reset to 0.00%.

Rule 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, Pages 73 – 81.
- References to outdated Effective Date removed from heading.

Rule 24, Force Majeure, Pages 83 & 83(a).
- New rule added to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers.

Rate R – General Service – Residential, Page 85.
- The Customer Charge and Distribution Charge have been increased with phased-in changes.

Rate RT – General Service – Residential Transportation, Page 86.
- The Customer Charge and Distribution Charge have been increased with phased-in changes.

Rate GL – General Service – Gas Light Service, Page 88.
- The Distribution Charge has been increased with phased-in changes.

Rate N – General Service – Non-Residential, Page 89.
- The Customer Charge and the Distribution Charge have been increased with phased-in changes.

Rate NT – General Service – Non-Residential Transportation, Page 90.
- The Customer Charge and the Distribution Charge have been increased with phased-in changes.

Rate DS – Delivery Service, Page 94.
- The Customer Charge and Maximum Distribution Charge have been increased with phased-in changes.

Rate NNS – No Notice Service, Page 97.
- The Basic NNS Service has decreased.

Rate MBS – Monthly Balancing Service, Page 98(a).
- The Rate MBS charged to Rates DS/IS, LFD, and XD has been recalculated and updated.

Rate LFD – Large Firm Delivery Service, Pages 100-101.
- The Maximum Distribution Charge has been increased with phased-in changes.

- The Annual Minimum Bill has clarifying language added.

Rate XD – Extended Large Firm Delivery Service, Page 103.

- The Maximum Average Delivery Charge has been increased with phased-in changes.
- The Surcharges and Riders section has been updated to clarify that the Company may charge Rate XD customers Riders F and I based on the terms of individually negotiated contracts.

LIST OF CHANGES MADE BY THIS SUPPLEMENT - Continued
(Page Numbers Refer to Official Tariff)

Choice Supplier Tariff

Cover Page

- Updated for Supplement Number and Issue and Effective dates.

Rule 4, Choice Supplier Obligations, Page 115.

- Subsection 4.12 – The residential and commercial Purchase of Receivable rates have been updated as a result of the change to the Merchant Function Charge.
- Reference to expired Chapter 14 of the Public Utility Code has been removed.

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(C) Indicates Change

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT - Continued

(8) Violating tariff provisions on file with the PUC so as to endanger the safety of a person or the integrity of the Company's delivery system.

(b) Any Residential Applicant who is unable to establish creditworthiness to the satisfaction of Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assesses the risk of utility bill payment.

(c) A Residential Customer who fails to comply with the material terms or condition of a settlement or payment arrangement.

(d) A Residential Customer who has been delinquent in the payment of two (2) consecutive bills, or three (3) or more bills within the preceding twelve (12) months.

(e) The Company has established separate credit procedures and standards for Residential Applicants and Residential Customers who are victims with a protection from abuse order or for whom there is a court order from a court of competent jurisdiction in this Commonwealth, which provides clear evidence of domestic violence against the Residential Applicant or Residential Customer. These procedures shall be publicly posted on the Company's website and maintained on file in each of the business offices of the Company and made available, upon request, for inspection by members of the public.

(f) Effective November 1, 2025, the Company may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the Company if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the Company's customer assistance programs. For existing customers that already have monies paid against a security deposit and are confirmed to be eligible for the Company's CAP, the Company will provide the customer a direct refund of the security deposit amount, along with applicable interest. The Company may apply the refund of the security **(C)**

deposit amount, with applicable interest, to the customer's account balance with the customer's informed consent. If checks providing a direct refund of the security deposit are returned as undeliverable, the Company will apply the amount as a bill credit, unless the customer contacts the Company with a corrected address.

3.4. Amount of Deposit for Residential Accounts. For Residential Applicants, the amount of the cash deposit shall not be more than 1/6 of a Residential Applicant's estimated annual bill, with such estimated annual bill determined at the time the deposit is required. In lieu of a cash deposit from a Residential Applicant, the Company may accept a written third-party guaranty on behalf of the Residential Applicant, provided that the guarantor establishes credit with the Company under Section 3.3 and the terms of the written guaranty are approved in writing by the Company, with such approval not to be unreasonably withheld. For Residential Customers, the amount of the cash deposit shall not be more than the estimated charges for service based on the Residential Customer's prior consumption for the period equal to one average billing period plus one average month, not to exceed two (2) months. Deposit amounts for Residential Applicants and Residential Customers may include Natural Gas Supplier charges where such Supplier is a participant in the Company's Purchase of Receivables Program.

(C) Indicates Change

RULES AND REGULATIONS

5. EXTENSION REGULATION

5.1 Obligation to Extend or Expand.

(a) Under the rules set forth below and under normal conditions of construction and installation, upon written application, the Company will extend or expand its facilities within its service territory, provided that (a) the requested extension or expansion will not adversely affect the availability or deliverability of gas supply to existing customers and (b) the Company's investment in facilities is warranted by the Annual Base Revenue to be derived from the extension. The costs of extending or expanding facilities beyond the Company's Allowable Investment Amount shall be paid by the Extension Applicant as a contribution. Extension contributions may be excused, in whole or in part, in accordance with Rule 5.1(b). Upon request, the Company will provide Customers with a written explanation and reasonable detail of the cost-benefit analysis used in clause (b) above including estimated project costs, the Company's maximum allowable investment, and the Company's Annual Base Revenues. In addition, the Company will provide the Customer with a written timetable for the anticipated construction of the upgrade and written notice of completion.

(b) No contribution amount shall be required for an extension of facilities if all of the following conditions, as determined by the Company, are met:

[REMOVED]

(1) Service length is one hundred fifty (150) feet or less; **(C)**

(2) Customer will utilize gas service as their primary heating source and be served under Rates R, RT, N or NT; **(C)**

(3) Construction does not cross third party non-public property, private right-of-way or complex obstruction (stream, culvert, excessive hillside, etc.) and does not present any abnormal or unusual construction conditions or require unusual permitting requirements. (C)

(4) Extensions not meeting all of the above conditions (1) through (3) shall have the Customer contribution amount determined upon incremental investment amounts required beyond those permitted by the construction conditions stated above. (C)

(C) Indicates Change

RULES AND REGULATIONS

8. BILLING AND PAYMENT

8.1 Billing Month. Bills are rendered monthly. The Company normally reads meters monthly. However, at its option, the Company may read meters once every two months. In instances where meters are read every two months, the first month's bill will be based on an estimate of the consumption for the first month of the bi-monthly period. Bills are due when rendered and shall be considered as received by the Customer when left at, or mailed to, the address where service is rendered, or such other address as designated by the Customer. A billing month is the period upon which a Customer's monthly charges and consumption are computed and for which a bill is rendered. For Residential Customers, the billing month is a period of not less than 26 or greater than 35 days. An initial bill for a new Residential Customer may be less than 26 days or greater than 35 days; provided however, if an initial bill exceeds 60 days the Residential Customer shall be given the opportunity to amortize the amount over a period equal to the period covered by the initial bill without penalty. A final bill due to the discontinuance may be less than 26 days or greater than 35 days but may never exceed 42 days. In cases involving termination, a final bill may be less than 26 days. In addition, bills for less than 26 days or more than 35 days shall be permitted if they result from rebilling initiated by the Company or Customer dispute to correct a billing problem. Bills for less than 26 days or more than 35 days shall be permitted if they result from a meter reading route change initiated by the Company.

8.2 Estimated Consumption. When the Company is unable to obtain an actual meter reading because of inability to gain access to the meter, or because of extreme weather conditions, emergencies, equipment failures, work stoppages or any other circumstances, the Company will render appropriately marked estimated bills.

8.3 Application of a Rate Schedule. The Company will compute bills under the rate schedule selected by and for which the customer qualifies. In the event the

customer does not select a Rate Schedule, the Company may discontinue service or place the Customer on a rate schedule for which the Customer qualifies.

8.4 Budget Billing. Residential Heating Customers may elect an optional billing method which averages the estimated Company regulated service costs over a revolving twelve (12) month Budget Billing plan. Company will review the Budget Billing amount on a quarterly basis and adjust the Budget Billing amount upward or downward based on actual charges to date and projected charges to the end of the twelve (12) month Budget Billing plan. The twelfth bill will include a true-up adjustment for the difference between payments made and actual charges for gas service for the prior eleven (11) months, inclusive. At the conclusion of the budget billing year, any resulting reconciliation amount exceeding $100 may be amortized over a twelve (12) month period upon Residential Heating Customer request. **(C)**

The optional twelve (12) month Budget Billing plan, as described above, is available to Commercial and Industrial Heating Customers provided that at least seventy-five (75) percent of the Customer's total gas consumption is for space heating. If a Customer has an unpaid balance equal to the amount of two (2) Budget Bill Plan bills, billing under this plan may be terminated by the Company.

(C) Indicates Change

RULES AND REGULATIONS

8. BILLING AND PAYMENT - Continued

separately listing charges from each company. The Company and UGI-ED shall, for such combined accounts, and subject to applicable statutory and regulatory requirements, establish a reasonable hierarchy of categories for the posting of partial payments to such joint accounts, and within each such category payments shall first be posted, as applicable, to UGI-ED or Electric Generation Supplier charges before being posted to UGI Gas Division or Natural Gas Suppler charges.

8.12 Payment Refunds. Refunds due customers greater than two dollars ($2) shall be mailed to the Customer. Refunds less than two dollars ($2) may be picked up at the office within sixty (60) days. After sixty (60) days, the refund shall be applied to Operation Share. **(C)**

8.13 Unless otherwise stated in this Section 8, Billing and Payment, all billing and payment provisions of this section apply to Customers served under all Company rate schedules, including Rate Schedules RT and NT where a Customer’s Choice Supplier also participates in the Company’s Purchase of Receivables (“POR”) program.

8.14 Acceptable Forms of Payment. The Company accepts only the following forms of payment: a certified, cashier’s, teller’s or bank check; a personal check issued from an accredited financial institution; a money order from an official issuer; automatic bank drafting (AutoPay); wire transfer; Automated Clearing House (ACH); in cash at a third-party pay site; electronic by bank account, credit or debit card, or digital wallet **(C)**

through the Company's authenticated Online Account Center or Company website; electronic payment by phone through the Company's automated phone system or call center agent; electronic through a financial institution's banking system.

8.15 N/NT Payment Arrangement Availability. Rate N/NT customers will be eligible to seek participation in the Company's formal program for payment arrangements. The formal program offers a standard six (6) month payment plan to payment-troubled Rate N/NT customers. A Rate N/NT customer with an existing payment plan shall not be eligible for a new payment plan until such time as the existing payment plan is paid in full. **(C)**

(C) Indicates Change

RULES AND REGULATIONS

9. TERMINATION AND DISCONTINUANCE OF SERVICE

9.1 (a) Termination of Service. **Termination with Notice.** The Company may terminate service on at least ten (10) days written notice and remove its equipment in case of Customer's (i) nonpayment of an undisputed delinquent account, (ii) failure to complete payment of a deposit, provide a guarantee of payment or establish credit, (iii) failure to permit access to meters, service connections or other property for the purpose of replacement, maintenance, repair or meter reading, or(iv) failure to comply with the material terms of a payment arrangement.

Termination without Notice. The Company may terminate service promptly and without notice for Customer's (i) Unauthorized Use of Service delivered on or about the affected dwelling or premises, (ii) fraud or material misrepresentation of the Customer's identify for the purpose of obtaining service, (iii) abuse of or tampering with the meters, connections or other equipment of the Company, (iv) violating tariff Rules and Regulations which endanger the safety of a person or the integrity of the Company's distribution system, (v) tendering payment for reconnection of service that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice, or (vi) after receiving termination notice from the Company, tendering payment which is subsequently dishonored under 13 Pa. C.S. § 3502, or, in the case of an electronic payment, that is subsequently dishonored, revoked,

canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice.

Restoration of Service. Prior to restoration of service terminated for any of the foregoing reasons, the Company may require a payment in advance of all arrearages, applicable deposit, and a reconnect charge of seventy-three dollars ($73). Effective November 1, 2025, confirmed low income Residential customers who provide verification of household income will not be assessed reconnection fees.

(b) For Residential Customers, in the context of service termination during the period of December 1 through March 31, the Company will use financial information from the Customer provided within the most recent twelve (12) month period to determine if a customer exceeds the 250% federal poverty level threshold. The Company will not require customer information to verify income if the customer has established income verification through receipt of LIHEAP within the past twelve (12) months or if the customer is currently participating in CAP. The Company will accept the following as verification of household income in determining whether an account under Chapter 56 is protected from termination during the period of December 1 through March 31: (i) recent pay stubs or W-2 forms, (ii) access card or statement from Department of Human Services ("DHS"), (iii) if a source of income is rental income, then a verified copy of rent receipt(s), (iv) if the Residential Customer receives social security payments, pension payments, disability payments, Supplemental Security Income (SSI) payments, or any other source of fixed income with direct deposit, then a copy of bank statement or benefit letter, (v) child support and/or alimony support verification letter, (vi) if the Residential Customer receives payments from unemployment benefits or workers' compensation, then a copy of the determination letter or check stub, (vii) previous year's income tax statement, (viii) a filed 1099 form showing any interest income, annuity or dividends, and (ix) a verification letter from DHS of any approved cash or crisis grant applicable to the current heating season.

RULES AND REGULATIONS

10. RIDER A

STATE TAX ADJUSTMENT SURCHARGE

The State Tax Adjustment Surcharge is applicable to the net monthly rates and minimum charges contained in this Tariff. The surcharge shown below will be recomputed when a tax rate used in the calculation changes and/or the Company implements a change in rates.

The recomputation of the surcharge will be submitted to the PUC within 10 days after the occurrence of a reason for surcharge recomputation shown above. If the recomputed surcharge is less than the one in effect the Company will, and if more may, submit a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after the filing.

Rider A - State Tax Adjustment Surcharge is 0.00% **(D)**

This Rider applies to Rates R, RT, GL, N, NT, DS, and LFD.

(D) Indicates Decrease

Issued: Effective for Service Rendered on and after

RULES AND REGULATIONS

12. Rider C

WEATHER NORMALIZATION ADJUSTMENT

Applicability and Purpose:

A Weather Normalization Adjustment ("WNA") shall be applied to bills of Residential and Non-Residential customers under Rate Schedules R, RT, N and NT, for any bills rendered during the heating season, which effective November 1, 2025 will include the months of October through April. Beginning with bills rendered on and after November 1, 2025, WNA will no longer be applied to confirmed low income residential customers who participate

(C)

in the UGI Gas CAP program for CAP customers on a percent of income bill. CAP customers on average bill will continue to be billed based on an appropriate 12 month historic basis. The WNA commenced with bills rendered on and after November 1, 2022 and shall continue as a pilot which will end on April 30, 2027, unless affirmatively extended or otherwise permitted by Commission Order.

WNA is a distribution charge adjustment and is considered a basic service charge.

Calculated WNA amounts shall be subject to Rider A – State Tax Adjustment Surcharge and Rider I – Distribution System Improvement Charge. No additional riders or surcharges will be applied to the calculated WNA.

Calculation of Adjustment Amount:

The WNA will be applied to October through April billing cycles and shall be calculated on a customer account specific basis in accordance with the formula below: **(C)**

WNBC = BLMC + [((NHDD +/- (NHDD * 3%)) / AHDD) x (AMC-BLMC)]
WNAC = WNBC – AMC
WNA = WNAC x Distribution Charge

(a) Weather Normalized Billing Ccfs("WNBC") will be calculated as the Base Load Monthly Ccfs ("BLMC") added to the product of the Normal Heating Degree Days ("NHDD", adjusted for a 3% deadband as further discussed in subparts (i) and (j) below), divided by the Actual Heating Degree Days ("AHDD") and the Actual Monthly Ccfs ("AMC") less the BLMC. Weather Normalized Billing Ccfs (WNBC) will only be calculated if the AMC exceeds the BLMC. WNA will not be applicable for the billing period if AMC is less than the BLMC.

(b) BLMC shall be established for each customer using the customer's actual average daily consumption from the billing system, measured in Ccfs, using bills with read dates of June 21st thru September 20th over a thirty-six-month period multiplied by the number of days in the billing period. The average daily base load is recalculated monthly using the most recent thirty-six months of bill history. If less than twelve months of bill history is available for the premise, an average base load for the related customer class will be applied.

(c) AMC shall be measured for each customer and billing cycle and will be inclusive of any heating value corrections.

(d) NHDD shall be applied on a Delivery Region specific basis as determined by the customer's geographical location and, for any given day within a billing period, shall be based upon the Delivery Region's 10-year average for the given day. NHDD shall be updated every rate case using the methodology established in the Company's general rate case proceeding at R-2025-3059523. **(C)**

(C) Indicates Change

RULES AND REGULATIONS

13. RIDER D

MERCHANT FUNCTION CHARGE

Applicability and Purpose

This Rider shall be applied to rates for each MCF (1,000 cubic feet) of gas supplied under Rate Schedules R and N of this Tariff and shall be reflected in the Price to Compare. The Rider is equal to the fixed percentage, established by the PUC in Company's last general base rate proceeding, of purchased gas costs which are expected to be uncollectible, and shall not be reconciled to reflect actual results. Rider D is intended to make Company's Price to Compare more comparable to the gas supply service prices offered of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses.

Rider D Charge

Rider D charges shall be equal to 2.37% for Residential PGC Customers and 0.47% **(D)** for Non-Residential PGC Customers of Rider B (Purchased Gas Costs).

The collection of the Rider D charges will be summarized by Rate Schedule sub-accounts in the Gas Operating Revenue FERC Account No. 480000 for Rate R and 481000 for Rates N. The associated costs are recorded in FERC Account Nos. 904001 and 904002.

(D) Indicates Decrease

RULES AND REGULATIONS

15. PRICE TO COMPARE

The Price to Compare ("PTC") is composed of the Annual C-Factor, Annual E-Factor, Gas Procurement Charge and Merchant Function Charge. The PTC rate will change whenever any components of the PTC change. The current PTC rate is detailed below:

Price to Compare

	Rate R (CCF)	**Rate N (MCF)**	
Annual C-Factor	$ 0.62323	$ 6.2323	
Annual E-Factor	$ 0.05163	$ 0.5163	
Gas Procurement Charge	$ 0.00660	$ 0.0660	
Merchant Function Charge	$ 0.01599	$ 0.0317	**(D)**
Total Price to Compare	$ 0.69745	$ 6.8463	**(D)**

(D) Indicates Decrease

RULES AND REGULATIONS

16. RIDER F

UNIVERSAL SERVICE PROGRAM

APPLICABILITY AND PURPOSE

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP"). This Rider has been established to recover costs related to the Company's Universal Service and Conservation Programs, excluding internal administrative costs. This rider may also apply to customers receiving service under Rate XD on a negotiated rate basis. **(C)**

RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each MCF of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules R and RT. The USP rate for customers receiving service under Rate XD, if applicable, may differ from the USP rate stated below and may be applied on a volumetric, fixed charge, percentage or other basis. **(C)**

The USP rate for Rate R and Rate RT: $0.6363/Mcf **(C)**

The USP rate for Rate XD: as negotiated, but no greater than the above rate. **(C)**

CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); Hardship Funds; and any other replacement or Commission-mandated Universal Service Program or low-income program that is implemented during the period that the Rider is in effect.

LIURP costs will be calculated based on the projected number of Level 1 income homes to be weatherized. Hardship Fund costs will be calculated on the projected level of an allocated share of administrative funds incurred by the UGI Operation Share Energy Fund.

CAP costs will be calculated to include
1) the projected CAP credit
2) projected CAP customer application and administrative costs; and
3) projected CAP pre-program arrearage forgiveness.

CAP Credit shall be defined as the difference between the total calculated Rate R bill, excluding Rider USP, and the CAP bill and an adjustment for unearned credit amounts based upon the current discounts at normalized annual volumes of the then-current CAP participants and the projected CAP Credit for projected customer additions to CAP during the period that the CAP Rider rate will be in effect at the average discount of current CAP participants at normalized annual volumes.

RULES AND REGULATIONS

16. RIDER F - Continued

UNIVERSAL SERVICE PROGRAM

QUARTERLY ADJUSTMENT

Any time that the Company makes a change in base rates or PGC rate affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the USP rate calculation. The Company shall file the updated rate with the PUC to be effective one (1) day after filing.

ANNUAL RECONCILIATION

On or before November 1 of each year, the Company shall file with the PUC data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended September. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the CAP quarterly rate adjustment to be effective December 1. Actual recoverable costs shall reflect actual CAP costs, actual application costs, actual pre-program arrearage forgiveness, actual LIURP and actual Hardship Administrative costs. Actual recoverable CAP credit costs and pre-program arrearage forgiveness shall be based upon actual CAP credits granted and pre-program arrearage forgiveness granted less a 9.2% adjustment for amounts granted to participants in excess of the number of CAP enrollees as of September 30, 2026. The 9.2% adjustment related to CAP credits and pre-program arrearage forgiveness will be based on the following: (C)

For each reconciliation period, the average annual CAP credit per participant will be determined by dividing the total actual CAP credits granted during the reconciliation period by the average monthly number of participants receiving CAP credits during the reconciliation period. The average monthly number of participants receiving CAP credits in excess of the number of CAP enrollees as of September 30, 2026 will be multiplied by the average annual CAP credit granted per participant and then multiplied by 0.0920 in order to determine the amount of the CAP Credits which will not be recovered through Rider USP. (C)

For each reconciliation period, the average pre-program arrearage forgiveness per participant will be determined by dividing the total actual pre-program arrearage forgiven during the reconciliation period by the number of participants receiving pre-program arrearage forgiveness. The number of participants receiving pre-program arrearage forgiveness in excess of the number of CAP enrollees as of September 30, 2026 will be multiplied by the average pre-program arrearage forgiveness per participant and then multiplied by 0.0920 in order to determine the amount of the pre-program arrearage forgiveness which will not be recovered through Rider USP. (C)

RULES AND REGULATIONS

19. Rider I

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply. **(D)**

19.A.1 Purpose. To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

19.A.2 Eligible Property.

The DSIC-eligible property will consist of the following:

- Piping, Couplings, Valves, Excess Flow Valves, Risers - Distribution & Transmission. (Accts. 374, 376, 365, 367)
- Measuring & Regulator Stations – Distribution & Transmission (Accts. 375, 378, 379, 366, 369, 370)
- Gas Service Lines and Insulated and Non-Insulated Fittings (Accts. 378, 380)
- Meters, Meter Bars, Meter Installations (Accts. 381, 382)
- House Regulators & Installations (Accts. 383, 384)
- Industrial & Farm Tap Measuring & Regulator Station Equipment (Accts. 385, 386)
- Miscellaneous Equipment and Material– Distribution & Transmission (Accts. 387, 371)
- Equipment – Electronic Systems & Software (Accts. 391)
- Vehicles, Power Equipment, Tools, Shop & Garage Equipment (Accts. 392, 394, 396)
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities.
- Gathering lines (Accts. 332)
- Storage lines (Accts. 353)
- Other related capitalized costs.

19.A.3 Computation of the DSIC. The DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update.

(D) Indicates Decrease

Issued: Effective for Bills Rendered on and after

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS **(C)**

22.1 Application of Rates

(a) Applicable Rates: DS, LFD, XD and IS.

(b) Notification of Delivery; Nomination Procedures. Customer shall notify the Company of any and all gas deliveries to the Company's system, including, but not limited to, the provision of nomination, revised nomination and scheduling information, in accordance with the Company's *Nomination Procedure*, as may be amended from time to time, and made available on the Company's Gas Management Website ("Nomination Procedure"). The quantity of gas received on behalf of the Customer shall be determined by allocation or other method by the Company if required in its sole discretion. It is the Customer's responsibility to arrange that any necessary billing information be provided to the Company and/or delivery gas source.

(c) Nominating Agents. A Customer shall notify the Company of its designated nominating agent ("Agent") for purposes of nominating the volumes of natural gas to be delivered to the Company's system on the Customer's behalf in accordance with the Nomination Procedures. Customer shall notify Company, on a form designated by the Company in the Nomination Procedures, of the responsibilities of the Agent, and shall provide Company with the Agent's valid e-mail address and valid 24-hour contact information. Customer shall remain liable for all charges and penalties notwithstanding Customer's designation and use of an Agent in accordance with the provisions herein.

(d) Penalties for Customer's Default. Customers failing to provide nomination, billing, scheduling, agent, supplier and/or other required information to the Company or pipeline(s)in accordance with the provisions of the Tariff, or otherwise failing to comply with the Company's *Nomination Procedure*, shall be subject to applicable imbalance charges and, in addition, be charged an Administrative Scheduling Fee in an amount no greater than $1,000 per day for every day such required information is delayed. If a Customer default of these provisions occurs and is occurring for a period of 90 days, the Company may impose retail or standby rates on the Customer's account beginning the first day after such 90-day period through and until such time as the Company deems the Customer default to have been resolved.

(e) Sequencing for Billing. Unless otherwise agreed by the Company and the Customer, customer-owned gas delivered under the transportation rate schedules shall be sequenced for billing as the first gas through the meter, and gas purchased under the Retail and Standby Rider shall be sequenced for billing purposes as the last gas through the meter. Gas billed under firm rate schedules shall be billed prior to gas billed under interruptible rate schedules. In lieu of otherwise specified tariff provisions, where the Company and Customer agree, Company shall use pipeline metering facilities for measuring and billing total deliveries to the Customer's facility.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(f) Payment of Charges, Penalties. The Customer shall pay the Company for any and all additional charges incurred on the Customer's behalf or resulting from the Customer's actions or inactions which the Company can demonstrate arise out of the provision of transportation service including, but not limited to, pipeline transportation and service charges. Any such charge, penalty or obligation imposed by a pipeline transporter or supplier as result of balancing of gas delivered to the Customer shall be paid by the Customer in addition to otherwise applicable charges.

(g) The Billing Pool Agent is required to notify Company at least ten days prior to dropping a Customer from a Billing Pool. If adequate advance notice is not provided, the Company reserves the right to not drop the Customer from the Billing Pool.

(h) Billing Pools. One or more transportation Customers may join together in pooled transactions for the purchase and delivery of gas. The Company may allocate among all such customers the volumes of gas or imbalances for purposes of determining responsibility for charges, rates, penalties or other obligations imposed by the Company, or in connection with operation of the pool. A Supplier to a Billing Pool must notify the Company prior to initiating gas deliveries. A Customer is required to submit in writing a request for entry into a Billing Pool.

(1) Each Billing Pool shall appoint an Agent who will coordinate nomination, billing, reconciliation, allocation and any other necessary communication between the Billing Pool and the Company.

(2) All members of a Billing Pool shall be of like balancing service election. The Company may restrict formation or operation of any Billing Pool in order to meet like balancing service election or pipeline imposed eligibility requirements.

(3) Automated Meter Reading. The Company has the right as a condition of being a pool member, to install, at the Customer’s expense, automated meter reading (“AMR”) equipment for the purposes of daily collection or monitoring, and

billing Customer volumes at each related service meter. Where AMR equipment is installed, the Customer shall maintain, at its expense, unless otherwise directed by the Company, a dedicated phone connection and electric service to the AMR equipment which will allow the Company unlimited remote access to the AMR device at all times. Failure to maintain a required phone and/or electric service may result in Customer being removed from a Billing Pool and being placed on a rate schedule not requiring daily measurement capability.

(4) Service under Rate NNS is required by, and shall be individually billed to, any and all members of a Billing Pool except when all pool members are monitored on a daily basis through the use of Company owned AMR equipment at all meter locations. Additionally, service under Rate MBS is required by, and shall be individually billed to, any and all members of a Billing Pool when the billing month for each pool member does not end on the same calendar date; Billing Pools having all customers monitored and billed through the use of Company owned AMR equipment at all meter locations shall be exempt from this requirement.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued (C)

(i) Recognition of Supplies. Volumes transported on behalf of the Customer will be recognized in the Customer's current billing month based on nominated or scheduled volumes information and may be adjusted after notification is received from the pipeline supplier(s) of the volumes transported on behalf of the Customer. Volumes scheduled shall be determined on the basis of best available actual or confirmed pipeline and/or Company information at the time of billing.

(j) Unless otherwise negotiated under Rate XD, the Company shall retain for Company use gas, and lost and unaccounted for gas, 1.5% of the total volume of gas delivered into its system for the Customer’s account.

22.2 Balancing and No-Notice Service.

(a) Each Customer shall use best efforts to balance purchases, deliveries and receipts of gas at all times. Except as specified in 22.1(f), for the purposes of balancing excess deliveries and shortfalls and purchasing services under Rates NNS and MBS, Billing Pools may be treated as a single entity. Subject to the terms and conditions set forth below, the Company shall provide no-notice and monthly balancing services under Rate Schedules NNS and MBS. Service under Rate Schedules NNS and MBS is available only for inadvertent fluctuations, limited by the terms and conditions of each Rate Schedule, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. In the event the Customer fails to use best efforts to balance deliveries and receipts, or otherwise misuses no-notice or balancing services as determined by the Company in its sole discretion, Section 22.4 shall apply for the period of such default or misuse.

(b) Daily Balancing. The Company shall allow Customer's daily demand to inadvertently vary from daily scheduled deliveries by +/-4.5% without imposing Daily Balancing Charges, provided the total daily quantity taken does not exceed

Customer's Daily Firm Requirement, MDQ or otherwise specified contract demand limit. Daily imbalances in excess of the +/-4.5% tolerance, unless otherwise provided by service elected under Rate NNS, shall be assessed a Maximum Daily Excess Balancing Charge in accordance with Section 22.4 under Critical Day and Non-Critical Day criteria unless otherwise specified in Customer's contract, in addition to the charges specified in Rates DS, LFD, XD and IS, on all such quantities.

(c) Imbalance Resolution. Customer's monthly imbalances will be calculated at the end of each billing period to determine if any overdelivery (excess) or underdelivery (shortfall) condition exists for volumes scheduled versus volumes metered. If the Customer is determined to be in an imbalance condition, and has not elected service under Rate MBS or has exceeded the 10% imbalance allowance provided under Rate MBS, then the Company shall sell and the Customer shall buy, subject to the 5 percent limitation under Rate MBS, any shortfall amount according to the following cash-out pricing:

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Shortfall Percent	Cash-Out Price
Up to 5%	Shortfall Monthly Reference Price("SMRP")
Greater than 5%, but not greater than 15%	SMRP x 1.1
Greater than 15%, but not greater than 25%	SMRP x 1.3
Greater than 25%	SMRP x 1.5

Likewise, the Customer shall sell, and the Company shall buy any excess amount according to the following cash-out pricing:

Excess Percent	Cash-Out Price
Up to 5%	Excess Monthly Reference Price("EMRP")
Greater than 5%, but not greater than 15%	EMRP x 0.9
Greater than 15%, but not greater than 25%	EMRP x 0.7
Greater than 25%	EMRP x 0.5

The SMRP (Shortfall Monthly Reference Price) shall be the average of the DPP midpoint Reference Prices corresponding to the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The higher of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.

South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The EMRP (Excess Monthly Reference Price) shall be the average of the DPP midpoint Reference Prices corresponding to the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg
Central	The lower of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Customer Delivery Region shall be assigned to each Customer in accordance with Customer's delivery location within the Company's distribution system.

The SMRP and EMRP are applicable to the above tables only for inadvertent monthly imbalances. The HMRP (Highest Monthly Reference Price) or the LMRP (Lowest Monthly Reference Price) as defined below shall apply respectively to shortfall and excess conditions in those situations where intentional imbalances are involved.

The HMRP shall be calculated as the highest of the DPP absolute Reference Prices for the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The higher of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The LMRP shall be calculated as the lowest DPP absolute reference prices for the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The lower of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued (C)

(d) The Company may extend the balancing period for gas volumes and may increase volumes eligible for balancing in its discretion, but only if it determines that such action is consistent with its obligations to other customers.

(e) Supply Transfers. In order to facilitate Monthly balancing related to inadvertent imbalances in Company's sole discretion, the Company shall allow Supply Transfers among Customers and Billing Pools, Customers-to-Billing Pools and Billing Pools-to-Customers at a fee of $125 per transaction, provided however: (1) such transfer is requested prior to the end of the billing month for both the transferee and the transferor, (2) such transfer is physically possible given pipeline interconnection and delivery point limitations which require transfers to be between parties located on the same segment of the Company's distribution system, and system supplies, and reliability are not adversely affected.

(f) Competitive Volume Customers. In the case of Customers or applicants

seeking service for facilities with a design volume capability allowing for direct connection to transmission or gathering lines for bypass of Company facilities, Company shall have the right to establish daily and monthly balancing tolerances at levels other than those specified in subsections (b) and (c) of this Section 22.2 to reflect specific operational limitations or to protect the interests of other Customers, as determined by the Company in its sole discretion. Additionally, the Company may establish special nomination rules, imbalance resolution rules and communication protocols that reflect the Customer's or applicant's commercial alternatives, and which are consistent with its obligations to other Customers.

22.3 Service Agreement and General.

(a) Limitation on Liability.

(1) The Company shall not be liable for curtailment of service under Rates DS, LFD, XD and IS, or loss of the Customer's gas as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation or order.

(2) Gas transported and delivered by the Company to the Customer hereunder shall be and remain the property of the Customer. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after receipt by the Company.

(3) The Company shall not be liable for any loss to the Customer arising from or out of service hereunder, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the Customer with other supplies.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(b) Warranty, indemnity and special provisions. The receipt of service constitutes Customer's agreement to the following representations and warranties, together with related provisions in the service agreement:

(1) clear and marketable title to the Customer's gas;
(2) delivery points, pressure, quality and other specifications acceptable to gas transmission pipeline(s) and the Company;
(3) eligibility of the Customer for service;
(4) existence of lawful authority for sale, transportation and delivery;
(5) agreement to pay all excise, sales, use, gross receipts, or other taxes (other than income taxes), all tariff charges and all penalties, charges,

fees for transportation, balancing etc., associated with delivered gas, which may be levied upon or incurred by the Company at any time;

(6) agreement to indemnify and hold the Company harmless from breach of representations or warranties, and any liability associated with Customer's gas while on the Company's system.

Copy of Gas Purchase Agreements, Other Documents. When requested by the Company, the Customer shall provide the Company with a copy of Customer's gas purchase contract and any related transportation, marketing and brokerage contracts, or, in lieu of providing such contracts, certify pertinent information as required by the Company, and, in order to meet state or federal requirements, provide a sworn affidavit setting forth the Customer's cost of gas for the period requested by the Company. The Company shall endeavor to protect the confidentiality of information provided by the customer in accordance with this provision. The Company will provide such information to third parties only when required to do so by law, regulation or order and in such case, will attempt to maintain confidentiality to the extent possible.

22.4 Maximum Daily Excess Balancing Charge

The Daily Excess Balancing Charge that occurs on Critical Days shall be as follows:

The charge for exceeding daily balancing limits shall be ten times the highest price in the DPP for each delivery region as listed in the following table. This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into Pennsylvania.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Delivery Region	Reference Price
North	Tennessee, zone 4- 300 leg plus the applicable transportation costs from Tennessee Zone 4 to Zone 4.
Central	The higher of 1) Transco, zone 6 non-N.Y. or 2) Transco, Leidy Line receipts plus the applicable transportation costs from Transco Zone 6 to Zone 6.

South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The Daily Excess Balancing Charge that occurs on Non-Critical Days shall be as follows:

Daily Imbalance Percent	Penalty
Up to 15%	DRP
Greater than 15%, but not greater than 30%	DRP x 2
Greater than 30%, but not greater than 45%	DRP x 3
Greater than 45%, but not greater than 60%	DRP x 4
Greater than 60%	DRP x 5
Intentional imbalances	DRP x 5

The DRP (Daily Reference Price) shall be equal to the difference in price between the highest DPP Reference Price and the lowest DPP Reference Price for the Customer's Delivery Region as listed below but shall not be lower than $0.25/Mcf.

Delivery Region	**Highest Reference Price**	**Lowest Reference Price**
North	Tennessee, zone 4- 300 leg plus the applicable transportation costs from Tennessee Zone 4 to Zone 4.	Tennessee, zone 4- 300 leg
Central	Transco zone 6, non-N.Y.	Transco, Leidy line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	Texas Eastern, M3	Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	Texas Eastern, M3	Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

The Company shall not charge any Maximum Daily Excess Balancing Charges if the Customer's Excess Daily Imbalance is anticipated to benefit the distribution systems daily balancing position as determined by Company in its sole discretion.

22.5 Operational Flow Orders and Daily Flow Directives

The Company has the right to issue Operational Flow Orders and Daily Flow Directives at any time. Failure to comply with any OFO or DFD shall result in a penalty charge of Twenty-Five ($25) per Mcf or the charge calculated in compliance with Section 22.4 Maximum Daily Excess Balancing Charge, whichever is greater.

22.6 Cost of Assigned Capacity.

In addition to applicable interstate pipeline demand charges, the associated demand charges to customers, or their NGS, served under Rates DS, LFD, XD, and who utilize assigned PGC capacity and pay weighted average cost, will include 100% (DS) and 50% (LFD, XD) pro rata allocation of annual Peaking Supply service demand costs. The associated demand charges will be reduced by a pro rata share of the Economic Benefit of Peaking Supply (EBPS Credit). The EBPS Credit shall mean a pro rata share of (a) the value of Peaking Supply utilized in off system sales transactions and included in the PGC share of the Revenue Sharing Incentive Mechanism revenues, plus (b) the Commodity Price Differential, which shall be, as measured for the date of Peaking Supply delivery, the aggregate difference, if positive, between the DPP Reference Price applicable to the zone of delivery (i.e., Texas Eastern M3 for deliveries in the South and West Delivery Regions with the exception of deliveries from Mt. Bethel and Transco Z6 NNY for deliveries made in the North and Central Delivery Regions and deliveries from Mt. Bethel) and the actual price paid for actual Peaking Supply deliveries into the UGI distribution system. The EBPS Credit shall be applied in the calculation of associated demand charges in the second billing month after the credit has accrued (e.g., December accrued credits will be used to reduce the February associated demand charges) and shall not, on an annual basis, exceed the annual incremental demand charges for Peaking Services charged to Rate DS, LFD, and XD customers, or their NGS, as described above.

(C) Indicates Change

RULES AND REGULATIONS

24. FORCE MAJEURE **(C)**

24.1 Relief from Liability.

Neither Company nor NGS shall be liable to the other for damages occurring because of force majeure. The term force majeure applies to an event that creates an inability to serve that could not be prevented or overcome by the due diligence of the party claiming force majeure. Such events include, but are not defined by or limited to, acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, land subsidence, lightning, earthquakes, fires, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. The Company and NGS shall make reasonable efforts to avoid the adverse impacts of a force majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

24.2 Liability not Relieved.

Such causes or contingencies affecting performance by either Company or NGS, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use commercially reasonable efforts to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting performance relieve either party from its payment obligations.

24.3 Notification of Force Majeure.

In order for Company to consider any waiver of liability due to force majeure, an NGS must provide notice of the force majeure event to the Company as soon as possible after the initiation of the force majeure event, and within the gas flow day that the event occurred. Initial Notice may be given orally; however, the NGS must provide written notice describing the full particulars of the event or occurrence within three days of the Initial Notice. Upon providing written notice to the Company, the affected party may be relieved of its obligation, from the onset of the force majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of force majeure, so long as the affected party complies with reasonable directions issued by the Company meant to mitigate the impact of its failure to deliver on the Company or its customers.

(C) Indicates Change

(C)

24. FORCE MAJEURE - CONTINUED

24.4 Penalty Avoidance and Compensation.

After written notice of the force majeure has been provided, in the event an NGS seeks to avoid or reduce penalties provided for in this tariff on the grounds that such charge was incurred because of a force majeure event as defined above, the NGS must provide additional documentation to the Company in a timely manner, but no later than 30 calendar days, after the initial notice of force majeure as prescribed in Section 24.3. Such documentation must include: a narrative description of the events that led to the force majeure; a description of the options available to, and taken by, the NGS to mitigate the impact of the force majeure; a description of compliance with any instructions or mitigative measures identified by the Company as a result of the force majeure notification; and copies of any additional correspondence supporting a determination that the NGS exhausted all available remedies. Further information may be requested by the Company in its evaluation of the situation and the NGS agrees to produce any additional information provided such information is relevant to the force majeure event. Upon receipt of the documentation, the Company may, in its sole discretion, waive penalties provided for in this tariff. Following its consideration of such waiver of penalties, the Company will provide the NGS with written documentation of its decision on the waiver of penalties. Further, notwithstanding the prior provisions in this section 24.4, in the event that the upstream pipeline transportation service provider of the NGS has waived penalties that are associated with the force majeure event claimed by NGS to the Company, the Company will give substantial weight to the pipeline's waiver in its determination of penalties.

(C) Indicates Change

RATE R

GENERAL SERVICE – RESIDENTIAL

AVAILABILITY

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

MONTHLY RATE TABLE

Customer Charge: $19.00 per customer effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**

$20.00 per customer effective October 1, 2027 **(C,I)**

Plus Distribution Charge:

$0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**

$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus SURCHARGES and RIDERS
Rider A – State Tax Adjustment Surcharge
Rider B – Section 1307 (f) Purchased Gas Cost
Rider C – Weather Normalization Adjustment
Rider D – Merchant Function
Rider E – Gas Procurement Charge
Rider F – Universal Service Program
Rider G – Energy Efficiency and Conservation
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

PAYMENT

In accordance with Section 8.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

RATE RT

GENERAL SERVICE – RESIDENTIAL TRANSPORTATION

AVAILABILITY

This Rate applies to all Residential Customers in the entire gas service territory who are served by a qualified Choice Supplier receiving service under Rate AG and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

MONTHLY RATE TABLE

Customer Charge: $19.00 per customer effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)** $20.00 per customer effective October 1, 2027 **(C,I)**

Plus Distribution Charge:

$0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**

$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider C - Weather Normalization Adjustment
Rider F - Universal Service Program
Rider G – Energy Efficiency and Conservation
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.**(I) Indicates Increase (C) Indicates Change**

RATE GL

GENERAL SERVICE - GAS LIGHT SERVICE

AVAILABILITY

This service is available for street, highway, driveway or other lighting or sign illumination, where measurement by meter of the gas consumed is not practicable or economical. As used herein, "light" means a single lamp or sign having one (1) gas-flow orifice and one (1) or more mantles, and of a type approved by the Company.

MONTHLY RATE TABLE

Distribution Charge:
$0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus

SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider B – Section 1307(f) Purchased Gas Cost
Rider I – Distribution System Improvement Charge

Monthly usage is assumed to be 1.8 Mcf, however, for larger consumption input fixtures, the Company reserves the right to modify.

BILLS DUE

All bills for continuing service are due each month when rendered, and the final due date stated on the bill shall be no less than fifteen (15) days from the date of presentation. Upon discontinuance of service, bills are due and payable upon presentation.

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

SPECIAL TERMS AND CONDITIONS

Gas will be supplied to lights furnished, erected and maintained by the customer only when equipped with regulators and such devices as the Company considers necessary for turning lights on and off for maintenance and safety purposes.

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE N

GENERAL SERVICE – NON-RESIDENTIAL

AVAILABILITY

This Rate applies in the entire territory served by the Company and is available to all Non-Residential Customers, using gas for any purpose including gas purchased by another public utility for resale. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate N service may not be applied to supplement or back up any transportation service.

MONTHLY RATE TABLE

Customer Charge: $39.00 per customer **(I)**

Plus Distribution Charge: $4.5646/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$4.7604/Mcf effective October 1, 2027 **(C, I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider B - Section 1307(f) Purchased Gas Cost
Rider C – Weather Normalization Adjustment
Rider D – Merchant Function Rider
Rider E – Gas Procurement Charge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE
The Customer Charge as set forth above.

MINIMUM BILL PROVISION
If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

PAYMENT
In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE NT

GENERAL SERVICE – NON-RESIDENTIAL TRANSPORTATION

AVAILABILITY

This Rate applies in the entire territory served by the Company and is available to all Customers who are served by a Choice Supplier receiving service under Rate AG, except residential Customers, using gas for any purpose. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate NT service may not be applied to supplement or back up any transportation or retail service.

MONTHLY RATE TABLE

Customer Charge: $39.00 per customer **(I)**

Plus Distribution Charge: $4.5646/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$4.7604/Mcf effective October 1, 2027 **(C, I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider C – Weather Normalization Adjustment
Rider G – Energy Efficiency and Conservation
Rider H - Technology and Economic Development
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

The Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum

charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

(I) Indicates Increase (C) Indicates Change

RATE DS

DELIVERY SERVICE

AVAILABILITY

This service applies in the entire territory served by the Company. Firm Delivery Service shall be provided for all volumes supplied by the Customer for which the Company has available on system delivery capacity, subject to Section 21 - Gas Emergency Planning provisions of the Company's tariff, applicable rules and regulations of the PUC and any other governmental mandates.

The Customer must execute a Service Agreement for not less than (1) one year. The contract shall continue in force for consecutive (1) year periods unless cancelled by the Customer upon ninety (90) days written notice to Company prior to the expiration of a contract term.

Gas service in excess of volumes delivered by the Customer shall only be provided in accordance with applicable delivery service balancing provisions or in accordance with optionally elected and approved balancing or standby services.

Service under Rate DS is subject to the terms set forth under Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS.

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Capacity Charge if applicable, and the Distribution Charge as described below. The following are maximum rates.

Customer Charge: $353.00 per month **(I)**

Plus Capacity Charge: The Company’s unitized weighted average cost of firm transportation capacity per elected MDQ.

Plus Maximum Distribution Charge: $3.3175/Mcf effective October 1, 2026, or upon one day’s notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$3.3401/Mcf effective October 1, 2027
Plus **(C,I)**

SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I – Distribution System Improvement Charge
Rider J – Gas Delivery Enhancement Rider

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE NNS - Continued

NO-NOTICE SERVICE

EXCESS REQUIREMENT OPTION

The Excess Requirement Option is available on an interruptible basis to any delivery service Customer served under Rates XD, LFD. This Option shall extend the no-notice provisions of Rate NNS, on solely a best efforts basis, during periods where Customer's daily requirements exceed transportation contract service limits.

Customer must nominate a Daily Excess Requirement ("DER") under this Option in an amount no less than 5 Mcf per day and no greater than 25% of Customer's DFR or otherwise specified contract limit. On days where service under the Excess Requirement Option is required, Customer will have the right, subject to the terms and conditions set forth herein, to take gas in excess of Customer's DFR or otherwise specified contract limit provided such excess is no greater than the nominated DER amount.

Service taken in excess of the sum of Customer's DFR and DER on any day shall be considered Excess Take or Unauthorized Overrun as determined by Customer's Delivery Service Schedule and service agreement.

Unauthorized gas forwarded or returned to the Company by the Customer shall be considered imbalance gas and shall be subject to either the balancing provisions set forth under Section 22.2 of General Terms for Delivery Service for Rate Schedules DS, LFD, XD and IS or the Customer's otherwise applicable transportation balancing service.

MONTHLY RATE TABLE (Basic NNS Service)

$0.2000 per Mcf per day of elected NNA **(D)**

plus

MONTHLY RATE TABLE (Excess Requirement Option)

$4.50 per Mcf per day of elected DER.

(D) Indicates Decrease

RATE MBS - Continued

MONTHLY BALANCING SERVICE

MONTHLY RATE TABLE

Monthly Transportation Volume

Rate DS/IS	$0.0198/Mcf x Monthly Billed Volumes	**(I)**
Rate LFD	$0.0113/Mcf x Monthly Billed Volumes	**(I)**
Rate XD	$0.0116/Mcf x Monthly Billed Volumes	**(I)**

The Company will update the average monthly imbalance utilized in the development of Rate MBS charges annually with the actual average monthly imbalance for the 12-month period ending September to determine the new Rate MBS charges effective December 1 each year. The Company shall include the new Rate MBS charges as part of its annual PGC compliance filing.

(I) Indicates Increase

RATE LFD - Continued

LARGE FIRM DELIVERY SERVICE

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Demand Charge, the Capacity Charge (if applicable), the Distribution Charge and any Excess Take Charge as described below. The following are maximum rates.

Customer Charge: $670.00

Plus
Maximum Demand Charge: $7.6956/Mcf of Customer's elected DFR.

Plus
Capacity Charge: The Company's unitized weighted average cost of firm transportation capacity per elected DFR. Applicable only when the customer elects UGI capacity.

Plus
Maximum Distribution Charge (all volumes): $1.4160/Mcf effective October 1, 2026 **(I)**
or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later.
$1.4233/Mcf effective October 1, 2027 **(C, I)**

Plus
SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I - Distribution System Improvement Charge
Rider J – Gas Delivery Enhancement Rider

RETAINAGE RATE

Company Use and Unaccounted for Gas shall be retained in accordance with Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, paragraph 22.1(j).

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

EXCESS TAKE CHARGE

Except as provided in the Company's *Nomination Procedure*, for authorized usage on any day in excess of the Daily Firm Requirement there will be a charge of $6.00 per MCF in addition to the charges specified in the rate table.

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE LFD - Continued

LARGE FIRM DELIVERY SERVICE

MINIMUM BILL

Monthly: The Minimum Monthly Bill shall be the Customer Charge, Demand Charge, Capacity Charge (if applicable), and Charge for Other Transportation.

Annual: Unless a higher amount is agreed upon by the Company and Customer, the Minimum Annual Bill shall be based on the Customer maintaining a 0.50 annual load factor and shall be due and payable with the bill for the 12th month in the contract year. The Customer's actual load factor shall be determined by dividing the total volume of gas taken during the contract year (including volumes taken under the Retail and Standby Rider, and the Cash-Out provisions of Section 22.2) by the sum of the Daily Firm Requirements for the contract year. If the actual load factor is less than 0.50, then, in addition to payment for actual usage, the Customer shall pay a Minimum Annual Bill charge equal to the product of: (1) the difference between 0.50 and the actual load factor, (2) the sum of the Customer's Daily Firm Requirements for the contract year, and (3) the average delivery charge paid by the Customer over the previous 12-month period, as calculated by the Company. If the Customer's actual load factor is greater than or equal to 0.50, no Minimum Annual Bill charge will be required. **(C)**

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company. Such charges related to the use of Customer elected and Company provided transportation capacity shall be reflected directly on the Customer’s bill for service rendered on and after April 1, 2024, pursuant to Commission order at Docket R-2023-3040290, with such charges labeled on the bill as Capacity Charge.

CHARGE FOR UNAUTHORIZED OVERRUN

Whenever it is necessary to restrict gas supplied under this Rate, the Company will provide due notice of such restriction. If a Customer, after having received due notice of restriction, shall take gas in excess of the amount made available by such notice, then the Customer shall be billed for such excess gas at the rate of Fifty Dollars($50.00) per MCF, or the charge calculated in compliance with Section 22.4 Maximum Daily Excess Balancing Charge, whichever is greater, plus the charge specified in the monthly rate table. Section 22.4 is primarily intended to establish applicable daily imbalance penalty charges but shall also provide for the pricing applicable to any Unauthorized Overrun volumes, which shall be subject to the same pricing as an

Intentional imbalance. Customer shall indemnify Company from any claims by third parties resulting from Customer's unauthorized overrun.

SERVICE UNDER OTHER RATES

Volumes purchased under the Retail and Standby Rider or under the Cash-Out provisions of Section 22.2 or taken under Rate NNS shall be included for the purposes of determining Excess Take Charge and Unauthorized Overrun gas.

(C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE XD -Continued

EXTENDED LARGE FIRM DELIVERY SERVICE

MONTHLY RATE TABLE

The charge for each monthly billing period shall be negotiable and shall be the sum of the Customer Charge, Distribution Charge, Demand Charge if applicable, the Capacity Charge (if applicable), and the Minimum Annual Bill as described below.

The following are maximum rates.

Customer Charge: Charge as determined by negotiation.

Plus
Maximum Demand Charge: Charge as determined by negotiation.

Plus
Capacity Charge: On or after October 28, 2025 when current Rate XD contracts expire, Capacity available for Customer use, and related Capacity Charge, shall be as specified within Customer's service contract, provided Company has available capacity and Company and Customer agree to related terms. For Customers electing Company capacity, such Capacity Charge shall be charged at the Company's unitized weighted average cost of firm transportation capacity per elected DFR. However, for Customers specifically receiving assignment of Columbia Pipeline capacity via agreement with the Company and through capacity release, such Customers, or their NGS, shall pay capacity charges direct to Columbia in accordance with such release. For Customers not receiving any Company capacity, no Capacity Charge will apply.

Plus
Maximum Average Delivery Charge: $1.4160/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$1.4233/Mcf effective October 1, 2027 **(C, I)**

Plus
SURCHARGES and RIDERS where negotiated **(C)**

Rider F – Universal Service Program **(C)**
Rider I – Distribution System Improvement Charge

RETAINAGE RATE

Unless otherwise agreed between the Customer and the Company, Company Use and Unaccounted For gas shall be retained in accordance with Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, paragraph 22.1(j)

MINIMUM BILL

Minimum Bill Volumes and terms shall be defined in the Service Agreement and determined by negotiation.

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the Customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company.

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

UGI Gas – Pa. P.U.C. No. 7S

UGI UTILITIES, INC. - GAS DIVISION

GAS CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules

Governing the

Furnishing of

Gas Aggregation Service

Issued: Effective for service rendered on and after.

Issued By:

Jessica R. Rogers
Vice President – Rates & Regulatory Affairs
1 UGI Drive

Denver, PA 17517

https://www.ugi.com/tariffs

NOTICE

This supplement makes changes to existing rates (see page 2(b)).

RULES AND REGULATIONS

4. CHOICE SUPPLIER OBLIGATIONS

4.12 If a Choice Supplier elects to participate in the Company's POR Program, the Choice Supplier must enter into a POR Agreement for the rate classes that it serves that will be included in the POR. The elected Rate Classes shall be one of the following: (1) RT only, (2) NT only, or (3) RT and NT. All receivables associated with basic natural gas supply services in the specific rate class, subject to the rate class elections made above, must be sold by the participating Supplier to the Utility. For the purposes of this provision, the phrase "basic natural gas supply services" shall include charges directly related to the physical delivery of natural gas to a retail customer but shall not include charges for "carbon-neutral" products, appliance maintenance service, energy efficiency services, termination or cancellation fees, security deposits or other products or services not directly related to the physical delivery of natural gas to a retail customer. Customer accounts that are billed for non-basic natural gas supply services will not be eligible for UGI's POR program. All of the NGS' customer accounts within the elected Rate Classes (subject to the volumetric limits contained in section 5.4) must be POR eligible accounts, with the exception of customers that purchase carbon-neutral products. NGSs may choose to use UGI consolidated billing for Non-POR eligible customers who are purchasing bundled "carbon-neutral" product offerings. The termination and reconnection provisions of Chapter 56 of the Public Utility Code and PUC regulations shall not be applicable to unpaid NGS charges for non-POR eligible accounts on consolidated billing. NGSs will be responsible for collecting unpaid NGS charges on non-POR eligible accounts on consolidated billing. UGI shall support rate-ready billing, and all NGS rates must conform to supported rate designs. For Purchased Customer Accounts, Company shall pay Choice Supplier an amount equal to 97.49% for residential amounts billed (inclusive of associated sales taxes) and 99.39% of **(C)** **(C)** **(C)**

non-residential amounts billed (also inclusive of taxes). Customer participation for NT shall be subject to Volumetric Eligibility pursuant to Section 5.4.

4.13 All existing customers of Choice Suppliers who elect to participate in the Company's optional Purchase of Receivables program shall be provided notice by the Choice Supplier and Company that (a) the Company will be providing one bill for all Company and Choice Supplier charges, (b) all payments should be made to the Company, (c) any unpaid amounts shall be subject to late payment charges, (d) the Company may request a security deposit for amounts which include Choice Supplier charges and (e) the Company maintains the right to terminate service for any unpaid Company or Choice Supplier charges, pursuant to Pennsylvania Public Utility Code regulations.

All new customers enrolling with Choice Suppliers who are participating in Company's optional Purchase of Receivables program shall be provided notice by the Choice Supplier prior to enrollment, and by Company upon enrollment, that (a) the Company will be providing one bill for all Company and Choice Supplier charges, (b) all payments should be made to the Company, (c) any unpaid amounts shall be subject to late payment charges, (d) the Company may request a security deposit for amounts which include Choice Supplier charges and (e) the Company maintains the right to terminate service for any unpaid Company or Choice Supplier charges, pursuant to Pennsylvania Public Utility Code regulations.

APPENDIX A-2
PRO FORMA TARIFF
REDLINE

UGI UTILITIES, INC. – GAS DIVISION

GAS TARIFF

INCLUDING THE GAS SERVICE TARIFF NO. 7

AND

THE CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules

Governing the

Furnishing of

Gas Service and Choice Aggregation Service

in the

Territory Described Herein

Issued: Effective for service rendered on and after.

Issued By:

Jessica R. Rogers
Vice President – Rates & Regulatory Affairs
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https://www.ugi.com/tariffs

NOTICE

This tariff makes changes, increases and decreases to existing rates (see Page 2-2(a)).

LIST OF CHANGES MADE BY THIS SUPPLEMENT
(Page Numbers Refer to Official Tariff)

Cover Page
- Updated to reflect Supplement Number, Notice language, Issue and Effective dates.

Table of Contents, Page 3.
- Updated to include new Rule 24, Force Majeure

Rule 3, Guarantee of Payment, Page 30.
- Language "and become enrolled in" has been updated to "and are confirmed to be eligible for" the Company's CAP.

Rule 5, Extension Regulation, Page 35.
- Section 5.1(b)(1) has been removed and subsequent conditions have been renumbered.

Rule 8, Billing and Payment, Pages 42 & 45.
- Clarifying language added to section 8.4 as related to the timing of the periodic Budget Billing reviews.
- Formatting change to section 8.12, Payment Refunds, for consistency.
- Section 8.14 – Acceptable Forms of Payment has been added.
- Section 8.15 – N/NT Payment Arrangement Availability has been added.

Rule 9, Termination and Discontinuance of Service, Page 46.
- 9.1(a) phrase "(v) violation of tariff Rules and Regulations" has been removed and clarifying language that delineates when termination notice is and is not required has been added.
- 9.1(b) references to 'Department of Public Welfare' and 'DPW' has been replaced with 'Department of Human Services' and 'DHS'.

Rule 10, Rider A, State Tax Adjustment Surcharge, Page 48.
- The State Tax Adjustment Surcharge rate reset to 0.00%.

Rule 12, Rider C, Weather Normalization Adjustment, Page 53.
- The Weather Normalization Adjustment applicability has been updated to continue as a pilot ending on April 30, 2027.
- The WNA application period has been updated to reflect from October to April, instead of May.
- In Calculation of Adjustment Amount subsection (d), the Weather Normalization Adjustment has been changed from NHDD based upon the Delivery Region's 15-year average to 10-year average for the given day. Additionally, NHDD has been changed from being updated every 5 years to every rate case.

Rule 13, Rider D, Merchant Function Charge, Page 55.
- The rate has decreased for Residential PGC Customers to 2.37% and for Non-Residential PGC Customers to 0.47%.

Rule 15, Price to Compare, Page 57.
- The Price to Compare has changed as a result of the change to the Merchant Function Charge.

Rule 16, Rider F, Universal Service Program, Pages 58 & 59.
- The Universal Service Program applicability has added language for Rate XD customers on a negotiated basis and describes the applicability of the Rider and rate to Rate XD customers.
- The USP rate has added language to specify the rate for Rate R and Rate RT customers.

LIST OF CHANGES MADE BY THIS SUPPLEMENT - Continued
(Page Numbers Refer to Official Tariff)

- The specific number of 25,404 has been removed and the applicability date has been updated from September 30, 2025 to September 30, 2026.

Rule 19, Rider I, Distribution System Improvement Charge, Page 63.
- The rate reset to 0.00%.

Rule 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, Pages 73 – 81.
- References to outdated Effective Date removed from heading.

Rule 24, Force Majeure, Pages 83 & 83(a).
- New rule added to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers.

Rate R – General Service – Residential, Page 85.
- The Customer Charge and Distribution Charge have been increased with phased-in changes.

Rate RT – General Service – Residential Transportation, Page 86.
- The Customer Charge and Distribution Charge have been increased with phased-in changes.

Rate GL – General Service – Gas Light Service, Page 88.
- The Distribution Charge has been increased with phased-in changes.

Rate N – General Service – Non-Residential, Page 89.
- The Customer Charge and the Distribution Charge have been increased with phased-in changes.

Rate NT – General Service – Non-Residential Transportation, Page 90.
- The Customer Charge and the Distribution Charge have been increased with phased-in changes.

Rate DS – Delivery Service, Page 94.
- The Customer Charge and Maximum Distribution Charge have been increased with phased-in changes.

Rate NNS – No Notice Service, Page 97.
- The Basic NNS Service has decreased.

Rate MBS – Monthly Balancing Service, Page 98(a).
- The Rate MBS charged to Rates DS/IS, LFD, and XD has been recalculated and updated.

Rate LFD – Large Firm Delivery Service, Pages 100-101.
- The Maximum Distribution Charge has been increased with phased-in changes.
- The Annual Minimum Bill has clarifying language added.

Rate XD – Extended Large Firm Delivery Service, Page 103.
- The Maximum Average Delivery Charge has been increased with phased-in changes.
- The Surcharges and Riders section has been updated to clarify that the Company may charge Rate XD customers Riders F and I based on the terms of individually negotiated contracts.

LIST OF CHANGES MADE BY THIS SUPPLEMENT - Continued
(Page Numbers Refer to Official Tariff)

Choice Supplier Tariff

Cover Page
- Updated for Supplement Number and Issue and Effective dates.

Rule 4, Choice Supplier Obligations, Page 115.
- Subsection 4.12 – The residential and commercial Purchase of Receivable rates have been updated as a result of the change to the Merchant Function Charge.
- Reference to expired Chapter 14 of the Public Utility Code has been removed.

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(C) Indicates Change

RULES AND REGULATIONS

3. GUARANTEE OF PAYMENT - Continued

(8) Violating tariff provisions on file with the PUC so as to endanger the safety of a person or the integrity of the Company's delivery system.

(b) Any Residential Applicant who is unable to establish creditworthiness to the satisfaction of Company through the use of a generally accepted credit scoring methodology which employs standards for using the methodology that falls within the range of general industry practice and specifically assesses the risk of utility bill payment.

(c) A Residential Customer who fails to comply with the material terms or condition of a settlement or payment arrangement.

(d) A Residential Customer who has been delinquent in the payment of two (2) consecutive bills, or three (3) or more bills within the preceding twelve (12) months.

(e) The Company has established separate credit procedures and standards for Residential Applicants and Residential Customers who are victims with a protection from abuse order or for whom there is a court order from a court of competent jurisdiction in this Commonwealth, which provides clear evidence of domestic violence against the Residential Applicant or Residential Customer. These procedures shall be publicly posted on the Company's website and maintained on file in each of the business offices of the Company and made available, upon request, for inspection by members of the public.

(f) Effective November 1, 2025, the Company may not require a cash deposit from an applicant who is, based upon household income, confirmed to be eligible for a customer assistance program. An applicant is confirmed to be eligible for a customer assistance program by the Company if the applicant provides income documents or other information attesting to his or her eligibility for state benefits based on household income eligibility requirements that are consistent with those of the Company's customer assistance programs. For existing customers that already have monies paid against a security deposit and ~~become enrolled in~~ are confirmed to be eligible for the Company's ~~customer assistance program~~ CAP, the Company will provide the customer a direct refund of the security deposit amount, along with applicable interest. The Company may apply the refund of the security deposit amount, with applicable interest, to the customer's account balance with the customer's informed consent. If checks providing a direct refund of the security deposit are returned as undeliverable, the Company will apply the amount as a bill credit, unless the customer contacts the Company with a corrected address. **(C)**

3.4. Amount of Deposit for Residential Accounts. For Residential Applicants, the amount of the cash deposit shall not be more than 1/6 of a Residential Applicant's estimated annual bill, with such estimated annual bill determined at the time the deposit is required. In lieu of a cash deposit from a Residential Applicant, the Company may accept a written third-party guaranty on behalf of the Residential Applicant, provided that the guarantor establishes credit with the Company under Section 3.3 and the terms of the written guaranty are approved in writing by the Company, with such approval not to be unreasonably withheld. For Residential Customers, the amount of the cash deposit shall not be more than the estimated charges for service based on the Residential Customer's prior consumption for the period equal to one average billing period plus one average month, not to exceed two (2) months. Deposit amounts for Residential Applicants and Residential Customers may include Natural Gas Supplier charges where such Supplier is a participant in the Company's Purchase of Receivables Program.

(C) Indicates Change

RULES AND REGULATIONS

5. EXTENSION REGULATION

5.1 Obligation to Extend or Expand.

(a) Under the rules set forth below and under normal conditions of construction and installation, upon written application, the Company will extend or expand its facilities within its service territory, provided that (a) the requested extension or expansion will not adversely affect the availability or deliverability of gas supply to existing customers and (b) the Company's investment in facilities is warranted by the Annual Base Revenue to be derived from the extension. The costs of extending or expanding facilities beyond the Company's Allowable Investment Amount shall be paid by the Extension Applicant as a contribution. Extension contributions may be excused, in whole or in part, in accordance with Rule 5.1(b). Upon request, the Company will provide Customers with a written explanation and reasonable detail of the cost-benefit analysis used in clause (b) above including estimated project costs, the Company's maximum allowable investment, and the Company's Annual Base Revenues. In addition, the Company will provide the Customer with a written timetable for the anticipated construction of the upgrade and written notice of completion.

(b) No contribution amount shall be required for an extension of facilities if all of the following conditions, as determined by the Company, are met:

(~~1~~) [REMOVED] ~~Service location is directly accessible from an existing or proposed (non-high pressure) Company main that would be extended up to one hundred fifty (150) feet;~~ (C)

(~~2~~1) Service length is one hundred fifty (150) feet or less; (C)

(~~3~~2) Customer will utilize gas service as their primary heating source and be served under Rates R, RT, N or NT; (C)

(~~4~~3) Construction does not cross third party non-public property, private right-of-way or complex obstruction (stream, culvert, excessive hillside, etc.) and does not present any abnormal or unusual construction conditions or require unusual permitting requirements. (C)

(~~5~~4) Extensions not meeting all of the above conditions (1) through (3) shall have the Customer contribution amount determined upon incremental investment amounts required beyond those permitted by the construction conditions stated above. (C)

~~(6) [REMOVED]~~

(C) Indicates Change

RULES AND REGULATIONS

8. BILLING AND PAYMENT

8.1 Billing Month. Bills are rendered monthly. The Company normally reads meters monthly. However, at its option, the Company may read meters once every two months. In instances where meters are read every two months, the first month's bill will be based on an estimate of the consumption for the first month of the bi-monthly period. Bills are due when rendered and shall be considered as received by the Customer when left at, or mailed to, the address where service is rendered, or such other address as designated by the Customer. A billing month is the period upon which a Customer's monthly charges and consumption are computed and for which a bill is rendered. For Residential Customers, the billing month is a period of not less than 26 or greater than 35 days. An initial bill for a new Residential Customer may be less than 26 days or greater than 35 days; provided however, if an initial bill exceeds 60 days the Residential Customer shall be given the opportunity to amortize the amount over a period equal to the period covered by the initial bill without penalty. A final bill due to the discontinuance may be less than 26 days or greater than 35 days but may never exceed 42 days. In cases involving termination, a final bill may be less than 26 days. In addition, bills for less than 26 days or more than 35 days shall be permitted if they result from rebilling initiated by the Company or Customer dispute to correct a billing problem. Bills for less than 26 days or more than 35 days shall be permitted if they result from a meter reading route change initiated by the Company.

8.2 Estimated Consumption. When the Company is unable to obtain an actual meter reading because of inability to gain access to the meter, or because of extreme weather conditions, emergencies, equipment failures, work stoppages or any other circumstances, the Company will render appropriately marked estimated bills.

8.3 Application of a Rate Schedule. The Company will compute bills under the rate schedule selected by and for which the customer qualifies. In the event the customer does not select a Rate Schedule, the Company may discontinue service or place the Customer on a rate schedule for which the Customer qualifies.

8.4 Budget Billing. Residential Heating Customers may elect an optional billing ~~procedure~~ method which averages the estimated Company regulated service costs over a revolving twelve (12) month Budget Billing plan. ~~These Customers will be billed for the use of gas during the next eleven (11) months beginning with whatever month that they select.~~ Company will review the Budget Billing amount on a quarterly basis ~~upon the completion of the third (3rd), sixth (6th), and ninth (9th) billing months with budget asked to pay amounts adjusting the fourth (4th), seventh (7th) and tenth (10th) billing months annually~~ and adjust~~ing~~ the Budget Billing amount upward or downward ~~the Budget Billing amount~~ based on actual charges to date and projected charges to the end of the twelve (12) month Budget Billing plan. The twelfth bill will ~~be for usage for the month, with~~include a true-up~~n~~ adjustment for the difference between payments made and actual charges for gas service for the prior eleven (11) months, inclusive. At the conclusion of the budget billing year, any resulting reconciliation amount exceeding $100 may be amortized over a twelve (12) month period upon Residential Heating Customer request. (C)

The optional twelve (12) month Budget Billing plan, as described above, is available to Commercial and Industrial Heating Customers provided that at least seventy-five (75) percent of the Customer's total gas consumption is for space heating. If a Customer has an unpaid balance equal to the amount of two (2) Budget Bill Plan bills, billing under this plan may be terminated by the Company.

(C) Indicates Change

RULES AND REGULATIONS

8. BILLING AND PAYMENT - Continued

separately listing charges from each company. The Company and UGI-ED shall, for such combined accounts, and subject to applicable statutory and regulatory requirements, establish a reasonable hierarchy of categories for the posting of partial payments to such joint accounts, and within each such category payments shall first be posted, as applicable, to UGI-ED or Electric Generation Supplier charges before being posted to UGI Gas Division or Natural Gas Suppler charges.

8.12 Payment Refunds. Refunds due customers greater than two dollars ($2) shall be mailed to the Customer. Refunds less than two dollars ($2) may be picked up at the office within sixty (60) days. After sixty (60) days, the refund shall be applied to Operation Share. **(C)**

8.13 Unless otherwise stated in this Section 8, Billing and Payment, all billing and payment provisions of this section apply to Customers served under all Company rate schedules, including Rate Schedules RT and NT where a Customer's Choice Supplier also participates in the Company's Purchase of Receivables ("POR") program.

8.14 Acceptable Forms of Payment. The Company accepts only the following forms of payment: a certified, cashier's, teller's or bank check; a personal check issued from an accredited financial institution; a money order from an official issuer; automatic bank drafting (AutoPay); wire transfer; Automated Clearing House (ACH); in cash at a third-party pay site; electronic by bank account, credit or debit card, or digital wallet through the Company's authenticated Online Account Center or Company website; electronic payment by phone through the Company's automated phone system or call center agent; electronic through a financial institution's banking system. **(C)**

8.15 N/NT Payment Arrangement Availability. Rate N/NT customers will be eligible to seek participation in the Company's formal program for payment arrangements. The formal program offers a standard six (6) month payment plan to payment-troubled Rate N/NT customers. A Rate N/NT customer with an existing payment plan shall not be eligible for a new payment plan until such time as the existing payment plan is paid in full. **(C)**

(C) Indicates Change

RULES AND REGULATIONS

9. TERMINATION AND DISCONTINUANCE OF SERVICE

9.1 (a) Termination of Service. **Termination with Notice.** The Company may terminate service on ~~reasonable~~ at least ten (10) days written notice and remove its equipment in case of Customer's (i) nonpayment of an undisputed delinquent account, (ii) failure to complete payment of a deposit, provide a guarantee of payment or establish credit, (iii) failure to permit access to meters, service connections or other property for the purpose of replacement, maintenance, repair or meter reading, or (iv) failure to comply with the material terms of a payment arrangement~~, or (v) violation of tariff Rules and Regulations~~.

Termination without Notice. The Company may terminate service promptly and without notice for Customer's (i) Unauthorized Use of Service delivered on or about the affected dwelling or premises, (ii) fraud or material misrepresentation of the Customer's identify for the purpose of obtaining service, (iii) abuse of or tampering with the meters, connections or other equipment of the Company, (iv) violating tariff Rules and Regulations which endanger the safety of a person or the integrity of the Company's distribution system, (v) tendering payment for reconnection of service that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice, or (vi) after receiving termination notice from the Company, tendering payment which is subsequently dishonored under 13 Pa. C.S. § 3502, or, in the case of an electronic payment, that is subsequently dishonored, revoked, canceled or otherwise not authorized and which has not been cured or otherwise made in full payment within three business days of the Company's notice.

Restoration of Service. Prior to restoration of service terminated for any of the foregoing reasons, the Company may require a payment in advance of all arrearages, applicable deposit, and a reconnect charge of seventy-three dollars ($73). Effective November 1, 2025, confirmed low income Residential customers who provide verification of household income will not be assessed reconnection fees.

(b) For Residential Customers, in the context of service termination during the period of December 1 through March 31, the Company will use financial information from the Customer provided within the most recent twelve (12) month period to determine if a customer exceeds the 250% federal poverty level threshold. The Company will not require customer information to verify income if the customer has established income verificatior through receipt of LIHEAP within the past twelve (12) months or if the customer is currently participating in CAP. The Company will accept the following as verification of household income in determining whether an account under Chapter 56 is protected from termination during the period of December 1 through March 31: (i) recent pay stubs or W-2 forms, (ii) access card or statement from Department of ~~Public Welfare~~ Human Services ("~~DPW~~DHS"), (iii) if a source of income is rental income, then a verified copy of rent receipt(s), (iv) if the Residential Customer receives social security payments, pension payments, disability payments, Supplemental Security Income (SSI) payments, or any other source of fixed income with direct deposit, then a copy of bank statement or benefit letter, (v) child support and/or alimony support verification letter, (vi) if the Residential Customer receives payments from unemployment benefits or workers' compensation, then a copy of the determination letter or check stub, (vii) previous year's income tax statement, (viii) a filed 1099 form showing any interest income, annuity or dividends, and (ix) a verification letter from ~~DPW~~ DHS of any approved cash or crisis grant applicable to the current heating season.

RULES AND REGULATIONS

10. RIDER A

STATE TAX ADJUSTMENT SURCHARGE

The State Tax Adjustment Surcharge is applicable to the net monthly rates and minimum charges contained in this Tariff. The surcharge shown below will be recomputed when a tax rate used in the calculation changes and/or the Company implements a change in rates.

The recomputation of the surcharge will be submitted to the PUC within 10 days after the occurrence of a reason for surcharge recomputation shown above. If the recomputed surcharge is less than the one in effect the Company will, and if more may, submit a tariff or supplement to reflect such recomputed surcharge, the effective date of which shall be 10 days after the filing.

Rider A - State Tax Adjustment Surcharge is 0.00% **(D)**

This Rider applies to Rates R, RT, GL, N, NT, DS, and LFD.

(D) Indicates Decrease

RULES AND REGULATIONS

12. Rider C

WEATHER NORMALIZATION ADJUSTMENT

Applicability and Purpose:

A Weather Normalization Adjustment ("WNA") shall be applied to bills of Residential and Non-Residential customers under Rate Schedules R, RT, N and NT, for any bills rendered during the heating season, which effective November 1, 2025 will include the months of October through April. Beginning with bills rendered on and after November 1, 2025, WNA will no longer be applied to confirmed low income residential customers who participate in the UGI Gas CAP program for CAP customers on a percent of income bill. CAP customers on average bill will continue to be billed based on an appropriate 12 month historic basis. The WNA commenced with bills rendered on and after November 1, 2022 and shall continue as a ~~five-year~~ pilot which will end on ~~October 31, 2027~~ April 30, 2027, unless affirmatively extended or otherwise permitted by Commission Order. **(C)**

WNA is a distribution charge adjustment and is considered a basic service charge.

Calculated WNA amounts shall be subject to Rider A – State Tax Adjustment Surcharge and Rider I – Distribution System Improvement Charge. No additional riders or surcharges will be applied to the calculated WNA.

Calculation of Adjustment Amount:

The WNA will be applied to October through ~~May~~ April billing cycles and shall be calculated on a customer account specific basis in accordance with the formula below:

WNBC = BLMC + [((NHDD +/- (NHDD * 3%)) / AHDD) x (AMC-BLMC)]
WNAC = WNBC – AMC
WNA = WNAC x Distribution Charge

(a) Weather Normalized Billing Ccfs("WNBC") will be calculated as the Base Load Monthly Ccfs ("BLMC") added to the product of the Normal Heating Degree Days ("NHDD", adjusted for a 3% deadband as further discussed in subparts (i) and (j) below), divided by the Actual Heating Degree Days ("AHDD") and the Actual Monthly Ccfs ("AMC") less the BLMC. Weather Normalized Billing Ccfs (WNBC) will only be calculated if the AMC exceeds the BLMC. WNA will not be applicable for the billing period if AMC is less than the BLMC.

(b) BLMC shall be established for each customer using the customer's actual average daily consumption from the billing system, measured in Ccfs, using bills with read dates of June 21st thru September 20th over a thirty-six-month period multiplied by the number of days in the billing period. The average daily base load is recalculated monthly using the most recent thirty-six months of bill history. If less than twelve months of bill history is available for the premise, an average base load for the related customer class will be applied.

(c) AMC shall be measured for each customer and billing cycle and will be inclusive of any heating value corrections.

~~(d)~~ NHDD shall be applied on a Delivery Region specific basis as determined by the customer's geographical location and, for any given day within a billing period, shall be based upon the Delivery Region's ~~15~~10-year average for the given day. NHDD shall be updated every ~~5 years~~ rate case using the methodology established in the Company's general rate case proceeding at ~~R-2021-3030218~~ R-2025-3059523 ~~with the next scheduled update of the NHDD to be effective on October 1, 2025, and thereafter every five years.~~ **(C)**

(C) Indicates Change

RULES AND REGULATIONS

13. RIDER D

MERCHANT FUNCTION CHARGE

Applicability and Purpose

This Rider shall be applied to rates for each MCF (1,000 cubic feet) of gas supplied under Rate Schedules R and N of this Tariff and shall be reflected in the Price to Compare. The Rider is equal to the fixed percentage, established by the PUC in Company's last general base rate proceeding, of purchased gas costs which are expected to be uncollectible, and shall not be reconciled to reflect actual results. Rider D is intended to make Company's Price to Compare more comparable to the gas supply service prices offered of other Natural Gas Suppliers that presumably reflect anticipated uncollectible expenses.

Rider D Charge

Rider D charges shall be equal to 2.37% for Residential PGC Customers and 0.47% for Non-Residential PGC Customers of Rider B (Purchased Gas Costs). (D)

The collection of the Rider D charges will be summarized by Rate Schedule sub-accounts in the Gas Operating Revenue FERC Account No. 480000 for Rate R and 481000 for Rates N. The associated costs are recorded in FERC Account Nos. 904001 and 904002.

(D) Indicates Decrease

RULES AND REGULATIONS

15. PRICE TO COMPARE

The Price to Compare ("PTC") is composed of the Annual C-Factor, Annual E-Factor, Gas Procurement Charge and Merchant Function Charge. The PTC rate will change whenever any components of the PTC change. The current PTC rate is detailed below:

Price to Compare

	Rate R (CCF)	**Rate N (MCF)**	
Annual C-Factor	$ 0.62323	$ 6.2323	
Annual E-Factor	$ 0.05163	$ 0.5163	
Gas Procurement Charge	$ 0.00660	$ 0.0660	
Merchant Function Charge	$ 0.01599	$ 0.0317	**(D)**
Total Price to Compare	$ 0.69745	$ 6.8463	**(D)**

(D) Indicates Decrease

RULES AND REGULATIONS

16. RIDER F

UNIVERSAL SERVICE PROGRAM

APPLICABILITY AND PURPOSE

This Rider shall be applicable to all residential customers except customers in the Company's Customer Assistance Program ("CAP"). This Rider has been established to recover costs related to the Company's Universal Service and Conservation Programs, excluding internal administrative costs. This rider may also apply to customers receiving service under Rate XD on a negotiated rate basis. (C)

RATE

In addition to the charges provided in this tariff, an amount shall be added to the otherwise applicable charge for each MCF of sales volumes or distribution volumes distributed by the Company to customers receiving service under Rate Schedules R and RT. The USP rate for customers receiving service under Rate XD, if applicable, may differ from the USP rate stated below and may be applied on a volumetric, fixed charge, percentage or other basis. (C)

The USP rate for Rate R and Rate RT: $0.6363/Mcf (C)

The USP rate for Rate XD: as negotiated, but no greater than the above rate.

CALCULATION OF RATE

The Rider USP rate shall be calculated to recover costs for the following programs: Low Income Usage Reduction Program (LIURP); Customer Assistance Program (CAP); Hardship Funds; and any other replacement or Commission-mandated Universal Service Program or low-income program that is implemented during the period that the Rider is in effect.

LIURP costs will be calculated based on the projected number of Level 1 income homes to be weatherized. Hardship Fund costs will be calculated on the projected level of an allocated share of administrative funds incurred by the UGI Operation Share Energy Fund.

CAP costs will be calculated to include
1) the projected CAP credit
2) projected CAP customer application and administrative costs; and
3) projected CAP pre-program arrearage forgiveness.

CAP Credit shall be defined as the difference between the total calculated Rate R bill, excluding Rider USP, and the CAP bill and an adjustment for unearned credit amounts based upon the current discounts at normalized annual volumes of the then-current CAP participants and the projected CAP Credit for projected customer additions to CAP during the period that the CAP Rider rate will be in effect at the average discount of current CAP participants at normalized annual volumes.

(C) Indicates Change

RULES AND REGULATIONS

16. RIDER F - Continued

UNIVERSAL SERVICE PROGRAM

QUARTERLY ADJUSTMENT

Any time that the Company makes a change in base rates or PGC rate affecting residential customers, the Company shall recalculate the Rider USP rate pursuant to the calculation described above to reflect the Company's current data for the components used in the USP rate calculation. The Company shall file the updated rate with the PUC to be effective one (1) day after filing.

ANNUAL RECONCILIATION

On or before November 1 of each year, the Company shall file with the PUC data showing the reconciliation of actual revenues received under this Rider and actual recoverable costs incurred for the preceding twelve months ended September. The resulting over/undercollection (plus interest calculated at 6% annually) will be reflected in the CAP quarterly rate adjustment to be effective December 1. Actual recoverable costs shall reflect actual CAP costs, actual application costs, actual pre-program arrearage forgiveness, actual LIURP and actual Hardship Administrative costs. Actual recoverable CAP credit costs and pre-program arrearage forgiveness shall be based upon actual CAP credits granted and pre-program arrearage forgiveness granted less a 9.2% adjustment for amounts granted to participants in excess of the number of CAP enrollees as of September 30, 2026. The 9.2% adjustment related to CAP credits and pre-program arrearage forgiveness will be based on the following: (C)

For each reconciliation period, the average annual CAP credit per participant will be determined by dividing the total actual CAP credits granted during the reconciliation period by the average monthly number of participants receiving CAP credits during the reconciliation period. The average monthly number of participants receiving CAP credits in excess of the number of CAP enrollees as of September 30, 2026 ~~exceeding 25,404~~ will be multiplied by the average annual CAP credit granted per participant and then multiplied by 0.0920 in order to determine the amount of the CAP Credits which will not be recovered through Rider USP. (C)

For each reconciliation period, the average pre-program arrearage forgiveness per participant will be determined by dividing the total actual pre-program arrearage forgiven during the reconciliation period by the number of participants receiving pre-program arrearage forgiveness. The number of participants receiving pre-program arrearage forgiveness in excess of the number of CAP enrollees as of September 30, 2026 ~~exceeding 25,404~~ will be multiplied by the average pre-program arrearage forgiveness per participant and then multiplied by 0.0920 in order to determine the amount of the pre-program arrearage forgiveness which will not be recovered through Rider USP. (C)

(C) Indicates Change

RULES AND REGULATIONS

19. Rider I

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply. **(D)**

19.A.1 Purpose. To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

19.A.2 Eligible Property.

The DSIC-eligible property will consist of the following:

- Piping, Couplings, Valves, Excess Flow Valves, Risers - Distribution & Transmission. (Accts. 374, 376, 365, 367)
- Measuring & Regulator Stations – Distribution & Transmission (Accts. 375, 378, 379, 366, 369, 370)
- Gas Service Lines and Insulated and Non-Insulated Fittings (Accts. 378, 380)
- Meters, Meter Bars, Meter Installations (Accts. 381, 382)
- House Regulators & Installations (Accts. 383, 384)
- Industrial & Farm Tap Measuring & Regulator Station Equipment (Accts. 385, 386)
- Miscellaneous Equipment and Material– Distribution & Transmission (Accts. 387, 371)
- Equipment – Electronic Systems & Software (Accts. 391)
- Vehicles, Power Equipment, Tools, Shop & Garage Equipment (Accts. 392, 394, 396)
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities.
- Gathering lines (Accts. 332)
- Storage lines (Accts. 353)
- Other related capitalized costs.

19.A.3 Computation of the DSIC. The DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update.

(D) Indicates Decrease

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS (C)

22.1 Application of Rates

(a) Applicable Rates: DS, LFD, XD and IS.

(b) Notification of Delivery; Nomination Procedures. Customer shall notify the Company of any and all gas deliveries to the Company's system, including, but not limited to, the provision of nomination, revised nomination and scheduling information, in accordance with the Company's *Nomination Procedure*, as may be amended from time to time, and made available on the Company's Gas Management Website ("Nomination Procedure"). The quantity of gas received on behalf of the Customer shall be determined by allocation or other method by the Company if required in its sole discretion. It is the Customer's responsibility to arrange that any necessary billing information be provided to the Company and/or delivery gas source.

(c) Nominating Agents. A Customer shall notify the Company of its designated nominating agent ("Agent") for purposes of nominating the volumes of natural gas to be delivered to the Company's system on the Customer's behalf in accordance with the Nomination Procedures. Customer shall notify Company, on a form designated by the Company in the Nomination Procedures, of the responsibilities of the Agent, and shall provide Company with the Agent's valid e-mail address and valid 24-hour contact information. Customer shall remain liable for all charges and penalties notwithstanding Customer's designation and use of an Agent in accordance with the provisions herein.

(d) Penalties for Customer's Default. Customers failing to provide nomination, billing, scheduling, agent, supplier and/or other required information to the Company or pipeline(s)in accordance with the provisions of the Tariff, or otherwise failing to comply with the Company's *Nomination Procedure*, shall be subject to applicable imbalance charges and, in addition, be charged an Administrative Scheduling Fee in an amount no greater than $1,000 per day for every day such required information is delayed. If a Customer default of these provisions occurs and is occurring for a period of 90 days, the Company may impose retail or standby rates on the Customer's account beginning the first day after such 90-day period through and until such time as the Company deems the Customer default to have been resolved.

(e) Sequencing for Billing. Unless otherwise agreed by the Company and the Customer, customer-owned gas delivered under the transportation rate schedules shall be sequenced for billing as the first gas through the meter, and gas purchased under the Retail and Standby Rider shall be sequenced for billing purposes as the last gas through the meter. Gas billed under firm rate schedules shall be billed prior to gas billed under interruptible rate schedules. In lieu of otherwise specified tariff provisions, where the Company and Customer agree, Company shall use pipeline metering facilities for measuring and billing total deliveries to the Customer's facility.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(f) Payment of Charges, Penalties. The Customer shall pay the Company for any and all additional charges incurred on the Customer's behalf or resulting from the Customer's actions or inactions which the Company can demonstrate arise out of the provision of transportation service including, but not limited to, pipeline transportation and service charges. Any such charge, penalty or obligation imposed by a pipeline transporter or supplier as result of balancing of gas delivered to the Customer shall be paid by the Customer in addition to otherwise applicable charges.

(g) The Billing Pool Agent is required to notify Company at least ten days prior to dropping a Customer from a Billing Pool. If adequate advance notice is not provided, the Company reserves the right to not drop the Customer from the Billing Pool.

(h) Billing Pools. One or more transportation Customers may join together in pooled transactions for the purchase and delivery of gas. The Company may allocate among all such customers the volumes of gas or imbalances for purposes of determining responsibility for charges, rates, penalties or other obligations imposed by the Company, or in connection with operation of the pool. A Supplier to a Billing Pool must notify the Company prior to initiating gas deliveries. A Customer is required to submit in writing a request for entry into a Billing Pool.

(1) Each Billing Pool shall appoint an Agent who will coordinate nomination, billing, reconciliation, allocation and any other necessary communication between the Billing Pool and the Company.

(2) All members of a Billing Pool shall be of like balancing service election. The Company may restrict formation or operation of any Billing Pool in order to meet like balancing service election or pipeline imposed eligibility requirements.

(3) Automated Meter Reading. The Company has the right as a condition of being a pool member, to install, at the Customer’s expense, automated meter reading (“AMR”) equipment for the purposes of daily collection or monitoring, and billing Customer volumes at each related service meter. Where AMR equipment is installed, the Customer shall maintain, at its expense, unless otherwise directed by the Company, a dedicated phone connection and electric service to the AMR equipment which will allow the Company unlimited remote access to the AMR device at all times. Failure to maintain a required phone and/or electric service may result in Customer being removed from a Billing Pool and being placed on a rate schedule not requiring daily measurement capability.

(4) Service under Rate NNS is required by, and shall be individually billed to, any and all members of a Billing Pool except when all pool members are monitored on a daily basis through the use of Company owned AMR equipment at all meter locations. Additionally, service under Rate MBS is required by, and shall be individually billed to, any and all members of a Billing Pool when the billing month for each pool member does not end on the same calendar date; Billing Pools having all customers monitored and billed through the use of Company owned AMR equipment at all meter locations shall be exempt from this requirement.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(i) Recognition of Supplies. Volumes transported on behalf of the Customer will be recognized in the Customer's current billing month based on nominated or scheduled volumes information and may be adjusted after notification is received from the pipeline supplier(s) of the volumes transported on behalf of the Customer. Volumes scheduled shall be determined on the basis of best available actual or confirmed pipeline and/or Company information at the time of billing.

(j) Unless otherwise negotiated under Rate XD, the Company shall retain for Company use gas, and lost and unaccounted for gas, 1.5% of the total volume of gas delivered into its system for the Customer's account.

22.2 Balancing and No-Notice Service.

(a) Each Customer shall use best efforts to balance purchases, deliveries and receipts of gas at all times. Except as specified in 22.1(f), for the purposes of balancing excess deliveries and shortfalls and purchasing services under Rates NNS and MBS, Billing Pools may be treated as a single entity. Subject to the terms and conditions set forth below, the Company shall provide no-notice and monthly balancing services under Rate Schedules NNS and MBS. Service under Rate Schedules NNS and MBS is available only for inadvertent fluctuations, limited by the terms and conditions of each Rate Schedule, and is not available to speculate as to fuel prices or otherwise to permit imbalances which reasonably could have been avoided. In the event the Customer fails to use best efforts to balance deliveries and receipts, or otherwise misuses no-notice or balancing services as determined by the Company in its sole discretion, Section 22.4 shall apply for the period of such default or misuse.

(b) Daily Balancing. The Company shall allow Customer's daily demand to inadvertently vary from daily scheduled deliveries by +/-4.5% without imposing Daily Balancing Charges, provided the total daily quantity taken does not exceed Customer's Daily Firm Requirement, MDQ or otherwise specified contract demand limit. Daily imbalances in excess of the +/-4.5% tolerance, unless otherwise provided by service elected under Rate NNS, shall be assessed a Maximum Daily Excess Balancing Charge in accordance with Section 22.4 under Critical Day and Non-Critical Day criteria unless otherwise specified in Customer's contract, in addition to the charges specified in Rates DS, LFD, XD and IS, on all such quantities.

(c) Imbalance Resolution. Customer's monthly imbalances will be calculated at the end of each billing period to determine if any overdelivery (excess) or underdelivery (shortfall) condition exists for volumes scheduled versus volumes metered. If the Customer is determined to be in an imbalance condition, and has not elected service under Rate MBS or has exceeded the 10% imbalance allowance provided under Rate MBS, then the Company shall sell and the Customer shall buy, subject to the 5 percent limitation under Rate MBS, any shortfall amount according to the following cash-out pricing:

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Shortfall Percent	Cash-Out Price
Up to 5%	Shortfall Monthly Reference Price("SMRP")
Greater than 5%, but not greater than 15%	SMRP x 1.1
Greater than 15%, but not greater than 25%	SMRP x 1.3
Greater than 25%	SMRP x 1.5

Likewise, the Customer shall sell, and the Company shall buy any excess amount according to the following cash-out pricing:

Excess Percent	Cash-Out Price
Up to 5%	Excess Monthly Reference Price("EMRP")
Greater than 5%, but not greater than 15%	EMRP x 0.9
Greater than 15%, but not greater than 25%	EMRP x 0.7
Greater than 25%	EMRP x 0.5

The SMRP (Shortfall Monthly Reference Price) shall be the average of the DPP midpoint Reference Prices corresponding to the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The higher of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The EMRP (Excess Monthly Reference Price) shall be the average of the DPP midpoint Reference Prices corresponding to the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg
Central	The lower of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Customer Delivery Region shall be assigned to each Customer in accordance with Customer's delivery location within the Company's distribution system.

The SMRP and EMRP are applicable to the above tables only for inadvertent monthly imbalances. The HMRP (Highest Monthly Reference Price) or the LMRP (Lowest Monthly Reference Price) as defined below shall apply respectively to shortfall and excess conditions in those situations where intentional imbalances are involved.

The HMRP shall be calculated as the highest of the DPP absolute Reference Prices for the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The higher of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The LMRP shall be calculated as the lowest DPP absolute reference prices for the Customer's Delivery Region during the Customer's billing month as listed below:

Delivery Region	Reference Price
North	Tennessee, zone 4-300 leg PLUS the applicable transportation costs from Tennessee, zone 4 to zone 4.
Central	The lower of Transco, zone 6 non-N.Y. or Transco, Leidy Line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The lower of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(d) The Company may extend the balancing period for gas volumes and may increase volumes eligible for balancing in its discretion, but only if it determines that such action is consistent with its obligations to other customers.

(e) Supply Transfers. In order to facilitate Monthly balancing related to inadvertent imbalances in Company's sole discretion, the Company shall allow Supply Transfers among Customers and Billing Pools, Customers-to-Billing Pools and Billing Pools-to-Customers at a fee of $125 per transaction, provided however: (1) such transfer is requested prior to the end of the billing month for both the transferee and the transferor, (2) such transfer is physically possible given pipeline interconnection and delivery point limitations which require transfers to be between parties located on the same segment of the Company's distribution system, and system supplies, and reliability are not adversely affected.

(f) Competitive Volume Customers. In the case of Customers or applicants seeking service for facilities with a design volume capability allowing for direct connection to transmission or gathering lines for bypass of Company facilities, Company shall have the right to establish daily and monthly balancing tolerances at levels other than those specified in subsections (b) and (c) of this Section 22.2 to reflect specific operational limitations or to protect the interests of other Customers, as determined by the Company in its sole discretion. Additionally, the Company may establish special nomination rules, imbalance resolution rules and communication protocols that reflect the Customer's or applicant's commercial alternatives, and which are consistent with its obligations to other Customers.

22.3 Service Agreement and General.

(a) Limitation on Liability.

(1) The Company shall not be liable for curtailment of service under Rates DS, LFD, XD and IS, or loss of the Customer's gas as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation or order.

(2) Gas transported and delivered by the Company to the Customer hereunder shall be and remain the property of the Customer. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after receipt by the Company.

(3) The Company shall not be liable for any loss to the Customer arising from or out of service hereunder, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the Customer with other supplies.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

(b) Warranty, indemnity and special provisions. The receipt of service constitutes Customer's agreement to the following representations and warranties, together with related provisions in the service agreement:

(1) clear and marketable title to the Customer's gas;
(2) delivery points, pressure, quality and other specifications acceptable to gas transmission pipeline(s) and the Company;
(3) eligibility of the Customer for service;
(4) existence of lawful authority for sale, transportation and delivery;
(5) agreement to pay all excise, sales, use, gross receipts, or other taxes (other than income taxes), all tariff charges and all penalties, charges, fees for transportation, balancing etc., associated with delivered gas, which may be levied upon or incurred by the Company at any time;
(6) agreement to indemnify and hold the Company harmless from breach of representations or warranties, and any liability associated with Customer's gas while on the Company's system.

Copy of Gas Purchase Agreements, Other Documents. When requested by the Company, the Customer shall provide the Company with a copy of Customer's gas purchase contract and any related transportation, marketing and brokerage contracts, or, in lieu of providing such contracts, certify pertinent information as required by the Company, and, in order to meet state or federal requirements, provide a sworn affidavit setting forth the Customer's cost of gas for the period requested by the Company. The Company shall endeavor to protect the confidentiality of information provided by the customer in accordance with this provision. The Company will provide such information to third parties only when required to do so by law, regulation or order and in such case, will attempt to maintain confidentiality to the extent possible.

22.4 Maximum Daily Excess Balancing Charge

The Daily Excess Balancing Charge that occurs on Critical Days shall be as follows:

The charge for exceeding daily balancing limits shall be ten times the highest price in the DPP for each delivery region as listed in the following table. This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into Pennsylvania.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

Delivery Region	Reference Price
North	Tennessee, zone 4- 300 leg plus the applicable transportation costs from Tennessee Zone 4 to Zone 4.
Central	The higher of 1) Transco, zone 6 non-N.Y. or 2) Transco, Leidy Line receipts plus the applicable transportation costs from Transco Zone 6 to Zone 6.
South	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	The higher of Texas Eastern, M-3 or Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

The Daily Excess Balancing Charge that occurs on Non-Critical Days shall be as follows:

Daily Imbalance Percent	Penalty
Up to 15%	DRP
Greater than 15%, but not greater than 30%	DRP x 2
Greater than 30%, but not greater than 45%	DRP x 3
Greater than 45%, but not greater than 60%	DRP x 4
Greater than 60%	DRP x 5
Intentional imbalances	DRP x 5

The DRP (Daily Reference Price) shall be equal to the difference in price between the highest DPP Reference Price and the lowest DPP Reference Price for the Customer's Delivery Region as listed below but shall not be lower than $0.25/Mcf.

Delivery Region	Highest Reference Price	Lowest Reference Price
North	Tennessee, zone 4- 300 leg plus the applicable transportation costs from Tennessee Zone 4 to Zone 4.	Tennessee, zone 4- 300 leg
Central	Transco zone 6, non-N.Y.	Transco, Leidy line receipts plus the applicable transportation costs from Transco zone 6 to zone 6.
South	Texas Eastern, M3	Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.
West	Texas Eastern, M3	Texas Eastern, M-2 receipts plus the applicable transportation costs from Texas Eastern M-2 to M-3.

(C) Indicates Change

RULES AND REGULATIONS

22. GENERAL TERMS FOR DELIVERY SERVICE FOR RATE SCHEDULES DS, LFD, XD, AND IS – Continued **(C)**

The Company shall not charge any Maximum Daily Excess Balancing Charges if the Customer's Excess Daily Imbalance is anticipated to benefit the distribution systems daily balancing position as determined by Company in its sole discretion.

22.5 Operational Flow Orders and Daily Flow Directives

The Company has the right to issue Operational Flow Orders and Daily Flow Directives at any time. Failure to comply with any OFO or DFD shall result in a penalty charge of Twenty-Five ($25) per Mcf or the charge calculated in compliance with Section 22.4 Maximum Daily Excess Balancing Charge, whichever is greater.

22.6 Cost of Assigned Capacity.

In addition to applicable interstate pipeline demand charges, the associated demand charges to customers, or their NGS, served under Rates DS, LFD, XD, and who utilize assigned PGC capacity and pay weighted average cost, will include 100% (DS) and 50% (LFD, XD) pro rata allocation of annual Peaking Supply service demand costs. The associated demand charges will be reduced by a pro rata share of the Economic Benefit of Peaking Supply (EBPS Credit). The EBPS Credit shall mean a pro rata share of (a) the value of Peaking Supply utilized in off system sales transactions and included in the PGC share of the Revenue Sharing Incentive Mechanism revenues, plus (b) the Commodity Price Differential, which shall be, as measured for the date of Peaking Supply delivery, the aggregate difference, if positive, between the DPP Reference Price applicable to the zone of delivery (i.e., Texas Eastern M3 for deliveries in the South and West Delivery Regions with the exception of deliveries from Mt. Bethel and Transco Z6 NNY for deliveries made in the North and Central Delivery Regions and deliveries from Mt. Bethel) and the actual price paid for actual Peaking Supply deliveries into the UGI distribution system. The EBPS Credit shall be applied in the calculation of associated demand charges in the second billing month after the credit has accrued (e.g., December accrued credits will be used to reduce the February associated demand charges) and shall not, on an annual basis, exceed the annual incremental demand charges for Peaking Services charged to Rate DS, LFD, and XD customers, or their NGS, as described above.

(C) Indicates Change

RULES AND REGULATIONS

24. FORCE MAJEURE (C)

24.1 Relief from Liability.

Neither Company nor NGS shall be liable to the other for damages occurring because of force majeure. The term force majeure applies to an event that creates an inability to serve that could not be prevented or overcome by the due diligence of the party claiming force majeure. Such events include, but are not defined by or limited to, acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, land subsidence, lightning, earthquakes, fires, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. The Company and NGS shall make reasonable efforts to avoid the adverse impacts of a force majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

24.2 Liability not Relieved.

Such causes or contingencies affecting performance by either Company or NGS, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use commercially reasonable efforts to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting performance relieve either party from its payment obligations.

24.3 Notification of Force Majeure.

In order for Company to consider any waiver of liability due to force majeure, an NGS must provide notice of the force majeure event to the Company as soon as possible after the initiation of the force majeure event, and within the gas flow day that the event occurred. Initial Notice may be given orally; however, the NGS must provide written notice describing the full particulars of the event or occurrence within three days of the Initial Notice. Upon providing written notice to the Company, the affected party may be relieved of its obligation, from the onset of the force majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of force majeure, so long as the affected party complies with reasonable directions issued by the Company meant to mitigate the impact of its failure to deliver on the Company or its customers.

(C) Indicates Change

RULES AND REGULATIONS

(C)

24. FORCE MAJEURE - CONTINUED

24.4 Penalty Avoidance and Compensation.

After written notice of the force majeure has been provided, in the event an NGS seeks to avoid or reduce penalties provided for in this tariff on the grounds that such charge was incurred because of a force majeure event as defined above, the NGS must provide additional documentation to the Company in a timely manner, but no later than 30 calendar days, after the initial notice of force majeure as prescribed in Section 24.3. Such documentation must include: a narrative description of the events that led to the force majeure; a description of the options available to, and taken by, the NGS to mitigate the impact of the force majeure; a description of compliance with any instructions or mitigative measures identified by the Company as a result of the force majeure notification; and copies of any additional correspondence supporting a determination that the NGS exhausted all available remedies. Further information may be requested by the Company in its evaluation of the situation and the NGS agrees to produce any additional information provided such information is relevant to the force majeure event. Upon receipt of the documentation, the Company may, in its sole discretion, waive penalties provided for in this tariff. Following its consideration of such waiver of penalties, the Company will provide the NGS with written documentation of its decision on the waiver of penalties. Further, notwithstanding the prior provisions in this section 24.4, in the event that the upstream pipeline transportation service provider of the NGS has waived penalties that are associated with the force majeure event claimed by NGS to the Company, the Company will give substantial weight to the pipeline's waiver in its determination of penalties.

(C) Indicates Change

RATE R

GENERAL SERVICE – RESIDENTIAL

AVAILABILITY

This rate applies to all Residential Customers in the entire gas service territory of the Company and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

MONTHLY RATE TABLE

Customer Charge: $19.00 per customer effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$20.00 per customer effective October 1, 2027 **(C,I)**
Plus Distribution Charge: $0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus SURCHARGES and RIDERS

Rider A – State Tax Adjustment Surcharge
Rider B – Section 1307 (f) Purchased Gas Cost
Rider C – Weather Normalization Adjustment
Rider D – Merchant Function
Rider E – Gas Procurement Charge
Rider F – Universal Service Program
Rider G – Energy Efficiency and Conservation
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

PAYMENT

In accordance with Section 8.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

RATE RT

GENERAL SERVICE – RESIDENTIAL TRANSPORTATION

AVAILABILITY

This Rate applies to all Residential Customers in the entire gas service territory who are served by a qualified Choice Supplier receiving service under Rate AG and available at one location, for the total requirements of any residential Customer. Residential Customers are customers receiving the Company's gas service to a single-family dwelling or building, or through one meter to four or fewer units in a multi-family dwelling or premises used as a single family.

MONTHLY RATE TABLE

Customer Charge: $19.00 per customer effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$20.00 per customer effective October 1, 2027 **(C,I)**
Plus Distribution Charge: $0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider C - Weather Normalization Adjustment
Rider F - Universal Service Program
Rider G – Energy Efficiency and Conservation
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

(I) Indicates Increase (C) Indicates Change

RATE GL

GENERAL SERVICE - GAS LIGHT SERVICE

AVAILABILITY

This service is available for street, highway, driveway or other lighting or sign illumination, where measurement by meter of the gas consumed is not practicable or economical. As used herein, "light" means a single lamp or sign having one (1) gas-flow orifice and one (1) or more mantles, and of a type approved by the Company.

MONTHLY RATE TABLE

Distribution Charge:
$0.65507/Ccf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$0.67705/Ccf effective October 1, 2027 **(C,I)**

Plus

SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider B – Section 1307(f) Purchased Gas Cost
Rider I – Distribution System Improvement Charge

Monthly usage is assumed to be 1.8 Mcf, however, for larger consumption input fixtures, the Company reserves the right to modify.

BILLS DUE

All bills for continuing service are due each month when rendered, and the final due date stated on the bill shall be no less than fifteen (15) days from the date of presentation. Upon discontinuance of service, bills are due and payable upon presentation.

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

SPECIAL TERMS AND CONDITIONS

Gas will be supplied to lights furnished, erected and maintained by the customer only when equipped with regulators and such devices as the Company considers necessary for turning lights on and off for maintenance and safety purposes.

RATE N

GENERAL SERVICE – NON-RESIDENTIAL

AVAILABILITY

This Rate applies in the entire territory served by the Company and is available to all Non-Residential Customers, using gas for any purpose including gas purchased by another public utility for resale. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate N service may not be applied to supplement or back up any transportation service.

MONTHLY RATE TABLE

Customer Charge: $39.00 per customer **(I)**

Plus Distribution Charge: $4.5646/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$4.7604/Mcf effective October 1, 2027 **(C, I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider B - Section 1307(f) Purchased Gas Cost
Rider C – Weather Normalization Adjustment
Rider D – Merchant Function Rider
Rider E – Gas Procurement Charge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE
The Customer Charge as set forth above.

MINIMUM BILL PROVISION
If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

PAYMENT
In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

(I) Indicates Increase (C) Indicates Change

RATE NT

GENERAL SERVICE – NON-RESIDENTIAL TRANSPORTATION

AVAILABILITY

This Rate applies in the entire territory served by the Company and is available to all Customers who are served by a Choice Supplier receiving service under Rate AG, except residential Customers, using gas for any purpose. Service will be supplied only where the Company's facilities and the available quantity of gas are suitable to the service desired. Rate NT service may not be applied to supplement or back up any transportation or retail service.

MONTHLY RATE TABLE

Customer Charge: $39.00 per customer **(I)**

Plus Distribution Charge: $4.5646/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$4.7604/Mcf effective October 1, 2027 **(C, I)**

Plus SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider C – Weather Normalization Adjustment
Rider G – Energy Efficiency and Conservation
Rider H - Technology and Economic Development
Rider I – Distribution System Improvement Charge

MINIMUM CHARGE

The Customer Charge as set forth above.

MINIMUM BILL PROVISION

If natural gas service is discontinued at the request of the Customer, the Company shall not be under any obligation to resume service to the same Customer at the same premise within twelve months unless it shall receive an amount equal to the minimum charge for each month up to a maximum of twelve months of the intervening period.

Customer at the same premise who requires seasonal service and has gas shut off and turned on within twelve-month period billed in an amount equal to the minimum charge under the applicable rate for each month service was shut off up to the 12-month intervening period.

(I) Indicates Increase (C) Indicates Change

RATE DS

DELIVERY SERVICE

AVAILABILITY

This service applies in the entire territory served by the Company. Firm Delivery Service shall be provided for all volumes supplied by the Customer for which the Company has available on system delivery capacity, subject to Section 21 - Gas Emergency Planning provisions of the Company's tariff, applicable rules and regulations of the PUC and any other governmental mandates.

The Customer must execute a Service Agreement for not less than (1) one year. The contract shall continue in force for consecutive (1) year periods unless cancelled by the Customer upon ninety (90) days written notice to Company prior to the expiration of a contract term.

Gas service in excess of volumes delivered by the Customer shall only be provided in accordance with applicable delivery service balancing provisions or in accordance with optionally elected and approved balancing or standby services.

Service under Rate DS is subject to the terms set forth under Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS.

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Capacity Charge if applicable, and the Distribution Charge as described below. The following are maximum rates.

Customer Charge: $353.00 per month **(I)**

Plus Capacity Charge: The Company's unitized weighted average cost of firm transportation capacity per elected MDQ.

Plus Maximum Distribution Charge: $3.3175/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**
$3.3401/Mcf effective October 1, 2027 **(C,I)**

Plus

SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I – Distribution System Improvement Charge
Rider J – Gas Delivery Enhancement Rider

(I) Indicates Increase (C) Indicates Change

Issued: Effective for Service Rendered on and after

RATE NNS - Continued

NO-NOTICE SERVICE

EXCESS REQUIREMENT OPTION

The Excess Requirement Option is available on an interruptible basis to any delivery service Customer served under Rates XD, LFD. This Option shall extend the no-notice provisions of Rate NNS, on solely a best efforts basis, during periods where Customer's daily requirements exceed transportation contract service limits.

Customer must nominate a Daily Excess Requirement ("DER") under this Option in an amount no less than 5 Mcf per day and no greater than 25% of Customer's DFR or otherwise specified contract limit. On days where service under the Excess Requirement Option is required, Customer will have the right, subject to the terms and conditions set forth herein, to take gas in excess of Customer's DFR or otherwise specified contract limit provided such excess is no greater than the nominated DER amount.

Service taken in excess of the sum of Customer's DFR and DER on any day shall be considered Excess Take or Unauthorized Overrun as determined by Customer's Delivery Service Schedule and service agreement.

Unauthorized gas forwarded or returned to the Company by the Customer shall be considered imbalance gas and shall be subject to either the balancing provisions set forth under Section 22.2 of General Terms for Delivery Service for Rate Schedules DS, LFD, XD and IS or the Customer's otherwise applicable transportation balancing service.

MONTHLY RATE TABLE (Basic NNS Service)

$0.2000 per Mcf per day of elected NNA **(D)**

plus

MONTHLY RATE TABLE (Excess Requirement Option)

$4.50 per Mcf per day of elected DER.

(D) Indicates Decrease

RATE MBS - Continued

MONTHLY BALANCING SERVICE

MONTHLY RATE TABLE

Monthly Transportation Volume

Rate DS/IS	$0.0198/Mcf x Monthly Billed Volumes	**(I)**
Rate LFD	$0.0113/Mcf x Monthly Billed Volumes	**(I)**
Rate XD	$0.0116/Mcf x Monthly Billed Volumes	**(I)**

The Company will update the average monthly imbalance utilized in the development of Rate MBS charges annually with the actual average monthly imbalance for the 12-month period ending September to determine the new Rate MBS charges effective December 1 each year. The Company shall include the new Rate MBS charges as part of its annual PGC compliance filing.

(I) Indicates Increase

RATE LFD - Continued

LARGE FIRM DELIVERY SERVICE

MONTHLY RATE TABLE

The charge for each monthly billing period shall be the sum of the Customer Charge, the Demand Charge, the Capacity Charge (if applicable), the Distribution Charge and any Excess Take Charge as described below. The following are maximum rates.

Customer Charge: $670.00

Plus
Maximum Demand Charge: $7.6956/Mcf of Customer's elected DFR.

Plus
Capacity Charge: The Company's unitized weighted average cost of firm transportation capacity per elected DFR. Applicable only when the customer elects UGI capacity.

Plus
Maximum Distribution Charge (all volumes): $1.4160/Mcf effective October 1, 202 **(I)**
or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later.
$1.4233/Mcf effective October 1, 2027 **(C, I)**

Plus
SURCHARGES and RIDERS

Rider A - State Tax Adjustment Surcharge
Rider G – Energy Efficiency and Conservation
Rider H – Technology and Economic Development
Rider I - Distribution System Improvement Charge
Rider J – Gas Delivery Enhancement Rider

RETAINAGE RATE

Company Use and Unaccounted for Gas shall be retained in accordance with Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, paragraph 22.1(j).

PAYMENT

In accordance with Section 8 of this Tariff.

LATE PAYMENT CHARGE

Late Payment Charges shall be billed in accordance with Section 8, Billing and Payment, paragraph 8.7.

EXCESS TAKE CHARGE

Except as provided in the Company's *Nomination Procedure*, for authorized usage on any day in excess of the Daily Firm Requirement there will be a charge of $6.00 per MCF in addition to the charges specified in the rate table.

(I) Indicates Increase (C) Indicates Change

RATE LFD - Continued

LARGE FIRM DELIVERY SERVICE

MINIMUM BILL

Monthly: The Minimum Monthly Bill shall be the Customer Charge, Demand Charge, Capacity Charge (if applicable), and Charge for Other Transportation.

Annual: Unless a higher amount is agreed upon by the Company and Customer, the Minimum Annual Bill shall be based on the Customer maintaining a 0.50 annual load factor and shall be due and payable with the bill for the 12th month in the contract year. The Customer's actual load factor shall be determined by dividing the total volume of gas taken during the contract year (including volumes taken under the Retail and Standby Rider, and the Cash-Out provisions of Section 22.2) by the sum of the Daily Firm Requirements for the contract year. If the actual load factor is less than 0.50, then, in addition to payment for actual usage, the Customer shall pay a Minimum Annual Bill charge equal to the product of: (1) the difference between 0.50 and the actual load factor, (2) the sum of the Customer's Daily Firm Requirements for the contract year, and (3) the average delivery charge paid by the Customer over the previous 12-month period, as calculated by the Company. If the Customer's actual load factor is greater than or equal to 0.50, no Minimum Annual Bill charge will be required. **(C)**

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company. Such charges related to the use of Customer elected and Company provided transportation capacity shall be reflected directly on the Customer’s bill for service rendered on and after April 1, 2024, pursuant to Commission order at Docket R-2023-3040290, with such charges labeled on the bill as Capacity Charge.

CHARGE FOR UNAUTHORIZED OVERRUN

Whenever it is necessary to restrict gas supplied under this Rate, the Company will provide due notice of such restriction. If a Customer, after having received due notice of restriction, shall take gas in excess of the amount made available by such notice, then the Customer shall be billed for such excess gas at the rate of Fifty Dollars($50.00) per MCF, or the charge calculated in compliance with Section 22.4 Maximum Daily Excess Balancing Charge, whichever is greater, plus the charge specified in the monthly rate table. Section 22.4 is primarily intended to establish applicable daily imbalance penalty charges but shall also provide for the pricing applicable to any Unauthorized Overrun volumes, which shall be subject to the same pricing as an Intentional imbalance. Customer shall indemnify Company from any claims by third parties resulting from Customer's unauthorized overrun.

SERVICE UNDER OTHER RATES

Volumes purchased under the Retail and Standby Rider or under the Cash-Out provisions of Section 22.2 or taken under Rate NNS shall be included for the purposes of determining Excess Take Charge and Unauthorized Overrun gas.

(C) Indicates Change

RATE XD -Continued

EXTENDED LARGE FIRM DELIVERY SERVICE

MONTHLY RATE TABLE

The charge for each monthly billing period shall be negotiable and shall be the sum of the Customer Charge, Distribution Charge, Demand Charge if applicable, the Capacity Charge (if applicable), and the Minimum Annual Bill as described below.

The following are maximum rates.

Customer Charge: Charge as determined by negotiation.

Plus
Maximum Demand Charge: Charge as determined by negotiation.

Plus
Capacity Charge: On or after October 28, 2025 when current Rate XD contracts expire, Capacity available for Customer use, and related Capacity Charge, shall be as specified within Customer's service contract, provided Company has available capacity and Company and Customer agree to related terms. For Customers electing Company capacity, such Capacity Charge shall be charged at the Company's unitized weighted average cost of firm transportation capacity per elected DFR. However, for Customers specifically receiving assignment of Columbia Pipeline capacity via agreement with the Company and through capacity release, such Customers, or their NGS, shall pay capacity charges direct to Columbia in accordance with such release. For Customers not receiving any Company capacity, no Capacity Charge will apply.

Plus
Maximum Average Delivery Charge: $1.4160/Mcf effective October 1, 2026, or upon one day's notice of Commission order in the proceeding at Docket No. R-2025-3059523, whichever is later. **(I)**

$1.4233/Mcf effective October 1, 2027 **(C, I)**

Plus **(C)**
SURCHARGES and RIDERS where negotiated

(C)
Rider F – Universal Service Program
Rider I – Distribution System Improvement Charge

RETAINAGE RATE

Unless otherwise agreed between the Customer and the Company, Company Use and Unaccounted For gas shall be retained in accordance with Section 22, General Terms for Delivery Service for Rate Schedules DS, LFD, XD, and IS, paragraph 22.1(j)

MINIMUM BILL

Minimum Bill Volumes and terms shall be defined in the Service Agreement and determined by negotiation.

CHARGE FOR OTHER TRANSPORTATION

If the Customer chooses to use the Company as agent in regard to transportation service by others, any costs calculated by or billed to the Company, with regard to such agency, shall be billed to the Customer by the Company and may include an applicable administrative fee as agreed by the Customer and Company.

(C) Indicates Change (I) Indicates Increase

UGI UTILITIES, INC. - GAS DIVISION

GAS CHOICE SUPPLIER TARIFF NO. 7S

Rates and Rules

Governing the

Furnishing of

Gas Aggregation Service

Issued:

Effective for service rendered on and after.

Issued By:

Jessica R. Rogers
Vice President – Rates & Regulatory Affairs
1 UGI Drive
Denver, PA 17517

https://www.ugi.com/tariffs

NOTICE

This supplement makes changes to existing rates (see page 2(b)).

RULES AND REGULATIONS

4. CHOICE SUPPLIER OBLIGATIONS

4.12 If a Choice Supplier elects to participate in the Company's POR Program, the Choice Supplier must enter into a POR Agreement for the rate classes that it serves that will be included in the POR. The elected Rate Classes shall be one of the following: (1) RT only, (2) NT only, or (3) RT and NT. All receivables associated with basic natural gas supply services in the specific rate class, subject to the rate class elections made above, must be sold by the participating Supplier to the Utility. For the purposes of this provision, the phrase "basic natural gas supply services" shall include charges directly related to the physical delivery of natural gas to a retail customer but shall not include charges for "carbon-neutral" products, appliance maintenance service, energy efficiency services, termination or cancellation fees, security deposits or other products or services not directly related to the physical delivery of natural gas to a retail customer. Customer accounts that are billed for non-basic natural gas supply services will not be eligible for UGI's POR program. All of the NGS' customer accounts within the elected Rate Classes (subject to the volumetric limits contained in section 5.4) must be POR eligible accounts, with the exception of customers that purchase carbon-neutral products. NGSs may choose to use UGI consolidated billing for Non-POR eligible customers who are purchasing bundled "carbon-neutral" product offerings. The termination and reconnection provisions of Chapter 56 of the Public Utility Code and PUC regulations shall not be applicable to unpaid NGS charges for non-POR eligible accounts on consolidated billing. NGSs will be responsible for collecting unpaid NGS charges on non-POR eligible accounts on consolidated billing. UGI shall support rate-ready billing, and all NGS rates must conform to supported rate designs. For Purchased Customer Accounts, Company shall pay Choice Supplier an amount equal to 97.49% for residential amounts billed (inclusive of associated sales taxes) and 99.39% of non-residential amounts billed (also inclusive of taxes). Customer participation for NT shall be subject to Volumetric Eligibility pursuant to Section 5.4. **(C)** **(C)**

4.13 All existing customers of Choice Suppliers who elect to participate in the Company's optional Purchase of Receivables program shall be provided notice by the Choice Supplier and Company that (a) the Company will be providing one bill for all Company and Choice Supplier charges, (b) all payments should be made to the Company, (c) any unpaid amounts shall be subject to late payment charges, (d) the Company may request a security deposit for amounts which include Choice Supplier charges and (e) the Company maintains the right to terminate service for any unpaid Company or Choice Supplier charges, pursuant to Pennsylvania Public Utility Code regulations.

All new customers enrolling with Choice Suppliers who are participating in Company's optional Purchase of Receivables program shall be provided notice by the Choice Supplier prior to enrollment, and by Company upon enrollment, that (a) the Company will be providing one bill for all Company and Choice Supplier charges, (b) all payments should be made to the Company, (c) any unpaid amounts shall be subject to late payment charges, (d) the Company may request a security deposit for amounts which include Choice Supplier charges and (e) the Company maintains the right to terminate service for any unpaid Company or Choice Supplier charges, pursuant to Pennsylvania Public Utility Code regulations.

(C) Indicates Change

APPENDIX B
Proof of Revenue

UGI Utilities, Inc. - Gas Division
Proof of Revenue Summary - Total Revenue as Settled

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order

Rate Class	Customers	Sales	Present Revenue	Proposed Revenue	Revenue Change	Percent Change from Present Revenue	Percent of Total Rate Increase
R/RT	634,252	50,564,395	$ 795,675,421	$ 825,398,617	$ 29,723,196	3.7%	74.3%
N/NT	69,690	30,008,036	$ 269,053,409	$ 278,481,980	$ 9,428,572	3.5%	23.6%
DS	1,305	8,868,042	$ 36,009,619	$ 36,295,462	$ 285,843	0.8%	0.7%
LFD	638	27,341,950	$ 58,767,849	$ 59,468,282	$ 700,433	1.2%	1.8%
XD - Firm	54	207,826,615	$ 39,138,908	$ 39,074,556	$ (64,353)	-0.2%	-0.2%
Interruptible	293	14,668,550	$ 22,943,504	$ 22,870,189	$ (73,315)	-0.3%	-0.2%
Total	706,232	339,277,589	$ 1,221,588,711	$ 1,261,589,087	$ 40,000,376	3.3%	
Other Operating Revenue			$ 14,131,000	$ 14,131,000	$ -		
Total	706,232	339,277,589	$ 1,235,719,711	$ 1,275,720,087	$ 40,000,376	3.2%	

Step 2 - Effective October 1, 2027

Rate Class	Customers	Sales	Present Revenue	Proposed Revenue	Revenue Change	Percent Change from Present Revenue	Percent of Total Rate Increase
R/RT	634,252	50,564,395	$ 825,398,617	$ 844,123,695	$ 18,725,078	2.3%	74.9%
N/NT	69,690	30,008,036	$ 278,481,980	$ 284,357,554	$ 5,875,573	2.1%	23.5%
DS	1,305	8,868,042	$ 36,295,462	$ 36,495,880	$ 200,418	0.6%	0.8%
LFD	638	27,341,950	$ 59,468,282	$ 59,667,879	$ 199,596	0.3%	0.8%
XD - Firm	54	207,826,615	$ 39,074,556	$ 39,074,556	$ -	0.0%	0.0%
Interruptible	293	14,668,550	$ 22,870,189	$ 22,870,189	$ -	0.0%	0.0%
Total	706,232	339,277,589	$ 1,261,589,087	$ 1,286,589,752	$ 25,000,665	2.0%	
Other Operating Revenue			$ 14,131,000	$ 14,131,000	$ -		
Total	706,232	339,277,589	$ 1,275,720,087	$ 1,300,720,752	$ 25,000,665	2.0%	

Total

Rate Class	Customers	Sales	Present Revenue	Proposed Revenue	Revenue Change	Percent Change from Present Revenue	Percent of Total Rate Increase
R/RT	634,252	50,564,395	$ 795,675,421	$ 844,123,695	$ 48,448,274	6.1%	74.5%
N/NT	69,690	30,008,036	$ 269,053,409	$ 284,357,554	$ 15,304,145	5.7%	23.5%
DS	1,305	8,868,042	$ 36,009,619	$ 36,495,880	$ 486,261	1.4%	0.7%
LFD	638	27,341,950	$ 58,767,849	$ 59,667,879	$ 900,029	1.5%	1.4%
XD - Firm	54	207,826,615	$ 39,138,908	$ 39,074,556	$ (64,353)	-0.2%	-0.1%
Interruptible	293	14,668,550	$ 22,943,504	$ 22,870,189	$ (73,315)	-0.3%	-0.1%
Total	706,232	339,277,589	$ 1,221,588,711	$ 1,286,589,752	$ 65,001,042	5.3%	
Other Operating Revenue			$ 14,131,000	$ 14,131,000	$ -		
Total	706,232	339,277,589	$ 1,235,719,711	$ 1,300,720,752	$ 65,001,042	5.3%	

UGI Utilities, Inc. - Gas Division
Residential Service - Rate Schedules R & RT
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charges	7,611,024		$ 16.25	$ 123,679,140
Distribution Charges		50,564,395	$ 6.3317	$ 320,158,580
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 79,560
Purchased Gas Costs (PGC) - Rider B		44,338,855	$ 6.7486	$ 299,225,197
Merchant Function Charge (MFC) - Rider D		44,338,855	2.56%	$ 7,660,165
Gas Procurement Charge (GPC) - Rider E		44,338,855	$ 0.0660	$ 2,926,364
Universal Service Program (USP) - Rider F		47,940,103	$ 0.6363	$ 30,504,287
Energy Efficiency & Conservation Rider (EEC) - Rider G		50,564,395	$ 0.1940	$ 9,809,493
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 1,632,635
Total - Rates R/RT	**7,611,024**	**50,564,395**		**$ 795,675,421**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charges	7,611,024		$ 19.00	$ 144,609,456	$ 20,930,316	
Distribution Charges		50,564,395	$ 6.5507	$ 331,232,182	$ 11,073,603	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ (79,560)	
Purchased Gas Costs (PGC) - Rider B		44,338,855	$ 6.7486	$ 299,225,197	$ -	
Merchant Function Charge (MFC) - Rider D		44,338,855	2.37%	$ 7,091,637	$ (568,528)	
Gas Procurement Charge (GPC) - Rider E		44,338,855	$ 0.0660	$ 2,926,364	$ -	
Universal Service Program (USP) - Rider F		47,940,103	$ 0.6363	$ 30,504,287	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		50,564,395	$ 0.1940	$ 9,809,493	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (1,632,635)	
Total - Rates R/RT	**7,611,024**	**50,564,395**		**$ 825,398,617**	**$ 29,723,196**	3.7%

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charges	7,611,024		$ 20.00	$ 152,220,480	$ 7,611,024	
Distribution Charges		50,564,395	$ 6.7705	$ 342,346,236	$ 11,114,054	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ -	
Purchased Gas Costs (PGC) - Rider B		44,338,855	$ 6.7486	$ 299,225,197	$ -	
Merchant Function Charge (MFC) - Rider D		44,338,855	2.37%	$ 7,091,637	$ -	
Gas Procurement Charge (GPC) - Rider E		44,338,855	$ 0.0660	$ 2,926,364	$ -	
Universal Service Program (USP) - Rider F		47,940,103	$ 0.6363	$ 30,504,287	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		50,564,395	$ 0.1940	$ 9,809,493	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Total - Rates R/RT	**7,611,024**	**50,564,395**		**$ 844,123,695**	**$ 18,725,078**	2.3%

Total impact - Rates R/RT (as compared to current rates)	**6.1%**

UGI Utilities, Inc. - Gas Division
Non-Residential Service - Rate Schedules N & NT
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charges	836,280		$ 36.42	$ 30,457,318
Distribution Charges		30,008,036	$ 4.3004	$ 129,046,558
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 26,903
Purchased Gas Costs (PGC) - Rider B		15,791,724	$ 6.7486	$ 106,572,029
Merchant Function Charge (MFC) - Rider D		15,791,724	0.56%	$ 596,803
Gas Procurement Charge (GPC) - Rider E		15,791,724	$ 0.0660	$ 1,042,254
Energy Efficiency & Conservation Rider (EEC) - Rider G		30,008,036	$ 0.0259	$ 777,208
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 534,336
Total - Rates N/NT	**836,280**	**30,008,036**		**$ 269,053,409**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charges	836,280		$ 39.00	$ 32,614,920	$ 2,157,602	
Distribution Charges		30,008,036	$ 4.5646	$ 136,974,681	$ 7,928,123	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ (26,903)	
Purchased Gas Costs (PGC) - Rider B		15,791,724	$ 6.7486	$ 106,572,029	$ -	
Merchant Function Charge (MFC) - Rider D		15,791,724	0.47%	$ 500,889	$ (95,915)	
Gas Procurement Charge (GPC) - Rider E		15,791,724	$ 0.0660	$ 1,042,254	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		30,008,036	$ 0.0259	$ 777,208	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (534,336)	
Total - Rates N/NT	**836,280**	**30,008,036**		**$ 278,481,980**	**$ 9,428,572**	**3.5%**

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charges	836,280		$ 39.00	$ 32,614,920	$ -	
Distribution Charges		30,008,036	$ 4.7604	$ 142,850,255	$ 5,875,573	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ -	
Purchased Gas Costs (PGC) - Rider B		15,791,724	$ 6.7486	$ 106,572,029	$ -	
Merchant Function Charge (MFC) - Rider D		15,791,724	0.47%	$ 500,889	$ -	
Gas Procurement Charge (GPC) - Rider E		15,791,724	$ 0.0660	$ 1,042,254	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		30,008,036	$ 0.0259	$ 777,208	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Total - Rates N/NT	**836,280**	**30,008,036**		**$ 284,357,554**	**$ 5,875,573**	**2.1%**

Total impact - Rates N/NT (as compared to current rates)	**5.7%**

UGI Utilities, Inc. - Gas Division
Delivery Service - Rate Schedule DS
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charges	15,660		$ 300.00	$ 4,698,000
Distribution Charges		8,868,042	$ 3.3651	$ 29,841,847
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 3,601
Energy Efficiency & Conservation Rider (EEC) - Rider G		8,868,042	$ 0.0449	$ 398,175
Technology and Economic Development Rider (TED) - Rider H				$ 692,336
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 118,417
Gas Delivery Enhancement Rider (GDE) - Rider J		8,868,042	$ 0.0004	$ 3,547
Minimum Charges				$ 253,695
Total - Rate DS	**15,660**	**8,868,042**		**$ 36,009,619**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charges	15,660		$ 353.00	$ 5,527,980	$ 829,980	
Distribution Charges		8,868,042	$ 3.3175	$ 29,419,729	$ (422,119)	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ (3,601)	
Energy Efficiency & Conservation Rider (EEC) - Rider G		8,868,042	$ 0.0449	$ 398,175	$ -	
Technology and Economic Development Rider (TED) - Rider H				$ 692,336	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (118,417)	
Gas Delivery Enhancement Rider (GDE) - Rider J		8,868,042	$ 0.0004	$ 3,547	$ -	
Minimum Charges				$ 253,695	$ -	
Total - Rate DS	**15,660**	**8,868,042**		**$ 36,295,462**	**$ 285,843**	**0.8%**

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charges	15,660		$ 353.00	$ 5,527,980	$ -	
Distribution Charges		8,868,042	$ 3.3401	$ 29,620,146	$ 200,418	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		8,868,042	$ 0.0449	$ 398,175	$ -	
Technology and Economic Development Rider (TED) - Rider H				$ 692,336	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Gas Delivery Enhancement Rider (GDE) - Rider J		8,868,042	$ 0.0004	$ 3,547	$ -	
Minimum Charges				$ 253,695	$ -	
Total - Rate DS	**15,660**	**8,868,042**		**$ 36,495,880**	**$ 200,418**	**0.6%**

Total impact - Rate DS (as compared to current rates)	**1.4%**

UGI Utilities, Inc. - Gas Division
Large Firm Delivery Service - Rate Schedule LFD
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charge	7,656		$ 670.00	$ 5,129,520
Distribution Charge		27,341,950	$ 1.3831	$ 37,816,651
Demand Charge		1,533,062	$ 7.6956	$ 11,797,835
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 5,876
Energy Efficiency & Conservation Rider (EEC) - Rider G		27,341,950	$ 0.0357	$ 976,108
Technology and Economic Development Rider (TED) - Rider H				$ 335,160
Minimum Bills				$ 1,887,181
Excess Requirement Option				$ 615,341
Excess Take				$ -
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 193,241
Gas Delivery Enhancement Rider (GDE) - Rider J		27,341,950	$ 0.0004	$ 10,937
Total - Rate LFD	**7,656**	**27,341,950**		**$ 58,767,849**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charge	7,656		$ 670.00	$ 5,129,520	$ -	
Distribution Charge		27,341,950	$ 1.4160	$ 38,716,201	$ 899,550	
Demand Charge		1,533,062	$ 7.6956	$ 11,797,835	$ -	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ (5,876)	
Energy Efficiency & Conservation Rider (EEC) - Rider G		27,341,950	$ 0.0357	$ 976,108	$ -	
Technology and Economic Development Rider (TED) - Rider H				$ 335,160	$ -	
Minimum Bills				$ 1,887,181	$ -	
Excess Requirement Option				$ 615,341	$ -	
Excess Take				$ -	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (193,241)	
Gas Delivery Enhancement Rider (GDE) - Rider J		27,341,950	$ 0.0004	$ 10,937	$ -	
Total - Rate LFD	**7,656**	**27,341,950**		**$ 59,468,282**	**$ 700,433**	**1.2%**

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charge	7,656		$ 670.00	$ 5,129,520	$ -	
Distribution Charge		27,341,950	$ 1.4233	$ 38,915,797	$ 199,596	
Demand Charge		1,533,062	$ 7.6956	$ 11,797,835	$ -	
State Tax Adjustment Surcharge (STAS) - Rider A			0.00%	$ -	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		27,341,950	$ 0.0357	$ 976,108	$ -	
Technology and Economic Development Rider (TED) - Rider H				$ 335,160	$ -	
Minimum Bills				$ 1,887,181	$ -	
Excess Requirement Option				$ 615,341	$ -	
Excess Take				$ -	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Gas Delivery Enhancement Rider (GDE) - Rider J		27,341,950	$ 0.0004	$ 10,937	$ -	
Total - Rate LFD	**7,656**	**27,341,950**		**$ 59,667,879**	**$ 199,596**	**0.3%**

Total impact - Rate LFD (as compared to current rates)	**1.5%**

UGI Utilities, Inc. - Gas Division
Extended Large Firm Delivery Service - Rate Schedule XD
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charge	648		$ 37,191	$ 24,099,561
Distribution Charge		207,826,615	$ 0.0624	$ 12,976,418
Excess Requirement Option		1,500	$ 4.5000	$ 6,750
Demand Charges		230,040	$ 5.3314	$ 1,226,431
Minimum Charges				$ 765,396
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 64,353
Total - Rate XD	**648**	**207,826,615**		**$ 39,138,908**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charge	648		$ 37,191	$ 24,099,561	$ -	
Distribution Charge		207,826,615	$ 0.0624	$ 12,976,418	$ -	
Excess Requirement Option		1,500	$ 4.5000	$ 6,750	$ -	
Demand Charges		230,040	$ 5.3314	$ 1,226,431	$ -	
Minimum Charges				$ 765,396	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (64,353)	
Total - Rate XD	**648**	**207,826,615**		**$ 39,074,556**	**$ (64,353)**	**-0.2%**

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charge	648		$ 37,191	$ 24,099,561	$ -	
Distribution Charge		207,826,615	$ 0.0624	$ 12,976,418	$ -	
Excess Requirement Option		1,500	$ 4.5000	$ 6,750	$ -	
Demand Charges		230,040	$ 5.3314	$ 1,226,431	$ -	
Minimum Charges				$ 765,396	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Total - Rate XD	**648**	**207,826,615**		**$ 39,074,556**	**$ -**	**0.0%**

Total impact - Rate XD (as compared to current rates)	**-0.2%**

UGI Utilities, Inc. - Gas Division
Interruptible Service - Rate Schedule IS
Calculation of the Effect of Proposed Rates as Settled

Current Rates				
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Current Rate (3)	Current Revenue (4)
Customer Charge	3,516		$ 1,412	$ 4,963,460
Distribution Charge		14,668,550	$ 1.1982	$ 17,576,501
Minimum Charges				$ 330,229
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 73,315
Total - Rate IS	**3,516**	**14,668,550**		**$ 22,943,504**

Step 1 Increase - Effective Later of: October 1, 2026 or One Day's Notice after Commission Order						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 1 Settled Rate (3)	Step 1 Settled Revenue (4)	Step 1 Settled Revenue Change (5)	Step 1 % Change (6)
Customer Charge	3,516		$ 1,412	$ 4,963,460	$ -	
Distribution Charge		14,668,550	$ 1.1982	$ 17,576,501	$ -	
Minimum Charges				$ 330,229	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ (73,315)	
Total - Rate IS	**3,516**	**14,668,550**		**$ 22,870,189**	**$ (73,315)**	**-0.3%**

Step 2 Increase - October 1, 2027						
Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Step 2 Settled Rate (3)	Step 2 Settled Revenue (4)	Step 2 Settled Revenue Change (5)	Step 2 % Change (6)
Customer Charge	3,516		$ 1,412	$ 4,963,460	$ -	
Distribution Charge		14,668,550	$ 1.1982	$ 17,576,501	$ -	
Minimum Charges				$ 330,229	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.00%	$ -	$ -	
Total - Rate IS	**3,516**	**14,668,550**		**$ 22,870,189**	$ -	**0.0%**

Total impact - Rate IS (as compared to current rates)	**-0.3%**

APPENDIX C
Bill Impacts

UGI Utilities, Inc. - Gas Division

Customer Class Rate Impact Analysis - Total Average Monthly Bill (52 Pa. Code § 53.45)

	Usage	Existing	Proposed	Proposed % Change	Settlement - Step 1	Step 1 Increase (Decrease)	Step 1 Total % Change	Settlement - Step 2	Step 2 Increase (Decrease)	Step 2 Total % Change
Rate R - Residential Heating	68.8 ccf	$ 113.76	$ 123.67	8.7%	$ 117.69	$ 3.93	3.5%	$ 120.21	$ 2.51	2.1%
Rate N - Commercial Heating	26.8 Mcf	$ 336.74	$ 358.17	6.4%	$ 345.70	$ 8.96	2.7%	$ 350.95	$ 5.25	1.5%
Rate N - Industrial	54.6 Mcf	$ 647.57	$ 688.65	6.3%	$ 663.26	$ 15.69	2.4%	$ 673.95	$ 10.69	1.6%

UGI Utilities, Inc. - Gas Division
Rate R - Residential Heating (RH)
Calculation of the Effect of Proposed Rates as Settled

Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Existing Rate (3)	Existing Revenue (4)	Proposed Rate (5)	Proposed Revenue (6)	Proposed % Change (7)	Settlement - Step 1 Rate (8)	Settlement - Step 1 Revenue (9)	Settlement - Step 1 Revenue Change (10)	Settlement - Step 1 % Change (11)	Settlement - Step 2 Rate (12)	Settlement - Step 2 Revenue (13)	Settlement - Step 2 Revenue Change (14)	Settlement - Step 2 % Change (15)
Customer Charge	1		$ 16.25	$ 16.25	$ 23.00	$ 23.00		$ 19.00	$ 19.00	$ 2.75		$ 20.00	$ 20.00	$ 1.00	
Distribution Charges		6.88	$ 6.3317	$ 43.53	$ 6.8383	$ 47.01		$ 6.5507	$ 45.04	$ 1.51		$ 6.7705	$ 46.55	$ 1.51	
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 0.01	0.00%	$ -		0.00%	$ -	$ (0.01)		0.00%	$ -	$ -	
Purchased Gas Costs (PGC) - Rider B		6.88	$ 6.7486	$ 46.40	$ 6.7486	$ 46.40		$ 6.7486	$ 46.40	$ -		$ 6.7486	$ 46.40	$ -	
Merchant Function Charge (MFC) - Rider D		6.88	2.56%	$ 1.19	2.37%	$ 1.10		2.37%	$ 1.10	$ (0.09)		2.37%	$ 1.10	$ -	
Gas Procurement Charge (GPC) - Rider E		6.88	$ 0.0660	$ 0.45	$ 0.0660	$ 0.45		$ 0.0660	$ 0.45	$ -		$ 0.0660	$ 0.45	$ -	
Universal Service Program (USP) - Rider F		6.88	$ 0.6363	$ 4.37	$ 0.6363	$ 4.37		$ 0.6363	$ 4.37	$ -		$ 0.6363	$ 4.37	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		6.88	$ 0.1940	$ 1.33	$ 0.1940	$ 1.33		$ 0.1940	$ 1.33	$ -		$ 0.1940	$ 1.33	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 0.22	0.00%	$ -		0.00%	$ -	$ (0.22)		0.00%	$ -	$ -	
Total - Residential Heating (RH)	**1**	**6.88**		**$ 113.76**		**$ 123.67**	**8.7%**		**$ 117.69**	**$ 3.93**	**3.5%**		**$ 120.21**	**$ 2.51**	**2.1%**
Total - Residential Heating (RH) (Distribution only, excluding PGC)	**1**	**6.88**		**$ 67.36**		**$ 77.27**	**14.7%**		**$ 71.30**	**$ 3.93**	**5.8%**		**$ 73.81**	**$ 2.51**	**3.5%**

Average Residential Heating (RH) Impact (total bill, as compared to current rates)	**5.7%**

Note: the proforma consumption is as adjusted in UGI Gas Exhibit SAE-1R.

UGI Utilities, Inc. - Gas Division
Rate N - Commercial Heating (CH)
Calculation of the Effect of Proposed Rates as Settled

Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Existing Rate (3)	Existing Revenue (4)	Proposed Rate (5)	Proposed Revenue (6)	Proposed % Change (7)	Settlement - Step 1 Rate (8)	Settlement - Step 1 Revenue (9)	Settlement - Step 1 Revenue Change (10)	Settlement - Step 1 % Change (11)	Settlement - Step 2 Rate (12)	Settlement - Step 2 Revenue (13)	Settlement - Step 2 Revenue Change (14)	Settlement - Step 2 % Change (15)
Customer Charges	1		$ 36.42	$ 36.42	$ 39.00	$ 39.00		$ 39.00	$ 39.00	$ 2.58		$ 39.00	$ 39.00	$ -	
Distribution Charges		26.8	$ 4.3004	$ 115.32	$ 5.0297	$ 134.88		$ 4.5646	$ 122.41	$ 7.08		$ 4.7604	$ 127.66	$ 5.25	
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 0.03	0.00%	$ -		0.00%	$ -	$ (0.03)		0.00%	$ -	$ -	
Purchased Gas Costs (PGC) - Rider B		26.8	$ 6.7486	$ 180.97	$ 6.7486	$ 180.97		$ 6.7486	$ 180.97	$ -		$ 6.7486	$ 180.97	$ -	
Merchant Function Charge (MFC) - Rider D		26.8	0.56%	$ 1.01	0.47%	$ 0.85		0.47%	$ 0.85	$ (0.16)		0.47%	$ 0.85	$ -	
Gas Procurement Charge (GPC) - Rider E		26.8	$ 0.0660	$ 1.77	$ 0.0660	$ 1.77		$ 0.0660	$ 1.77	$ -		$ 0.0660	$ 1.77	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		26.8	$ 0.0259	$ 0.69	$ 0.0259	$ 0.69		$ 0.0259	$ 0.69	$ -		$ 0.0259	$ 0.69	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 0.51	0.00%	$ -		0.00%	$ -	$ (0.51)		0.00%	$ -	$ -	
Total - Commercial Heating (CH)	**1**	**26.8**		**$ 336.74**		**$ 358.17**	**6.4%**		**$ 345.70**	**$ 8.96**	**2.7%**		**$ 350.95**	**$ 5.25**	**1.5%**
Total - Commercial Heating (CH) (Distribution only, excluding PGC)	**1**	**26.8**		**$ 155.77**		**$ 177.19**	**13.8%**		**$ 164.72**	**$ 8.96**	**5.7%**		**$ 169.97**	**$ 5.25**	**3.2%**

Average Commercial Heating (CH) Impact (total bill, as compared to current rates)	**4.2%**

UGI Utilities, Inc. - Gas Division
Rate N - Industrial
Calculation of the Effect of Proposed Rates as Settled

Description	Number of Bills (1)	Pro Forma Consumption Mcf (2)	Existing Rate (3)	Existing Revenue (4)	Proposed Rate (5)	Proposed Revenue (6)	Proposed % Change (7)	Settlement - Step 1 Rate (8)	Settlement - Step 1 Revenue (9)	Settlement - Step 1 Revenue Change (10)	Settlement - Step 1 % Change (11)	Settlement - Step 2 Rate (12)	Settlement - Step 2 Revenue (13)	Settlement - Step 2 Revenue Change (14)	Settlement - Step 2 % Change (15)
Customer Charges	1		$ 36.42	$ 36.42	$ 39.00	$ 39.00		$ 39.00	$ 39.00	$ 2.58		$ 39.00	$ 39.00	$ -	
Distribution Charges		54.6	$ 4.3004	$ 234.73	$ 5.0297	$ 274.54		$ 4.5646	$ 249.15	$ 14.42		$ 4.7604	$ 259.84	$ 10.69	
State Tax Adjustment Surcharge (STAS) - Rider A			0.01%	$ 0.06	0.00%	$ -		0.00%	$ -	$ (0.06)		0.00%	$ -	$ -	
Purchased Gas Costs (PGC) - Rider B		54.6	$ 6.7486	$ 368.36	$ 6.7486	$ 368.36		$ 6.7486	$ 368.36	$ -		$ 6.7486	$ 368.36	$ -	
Merchant Function Charge (MFC) - Rider D		54.6	0.56%	$ 2.06	0.47%	$ 1.73		0.47%	$ 1.73	$ (0.33)		0.47%	$ 1.73	$ -	
Gas Procurement Charge (GPC) - Rider E		54.6	$ 0.0660	$ 3.60	$ 0.0660	$ 3.60		$ 0.0660	$ 3.60	$ -		$ 0.0660	$ 3.60	$ -	
Energy Efficiency & Conservation Rider (EEC) - Rider G		54.6	$ 0.0259	$ 1.41	$ 0.0259	$ 1.41		$ 0.0259	$ 1.41	$ -		$ 0.0259	$ 1.41	$ -	
Distribution System Improvement Charge (DSIC) - Rider I			0.33%	$ 0.92	0.00%	$ -		0.00%	$ -	$ (0.92)		0.00%	$ -	$ -	
Total - Industrial	**1**	**54.6**		**$ 647.57**		**$ 688.65**	**6.3%**		**$ 663.26**	**$ 15.69**	**2.4%**		**$ 673.95**	**$ 10.69**	**1.6%**
Total - Industrial (Distribution only, excluding PGC)	**1**	**54.6**		**$ 279.21**		**$ 320.29**	**14.7%**		**$ 294.90**	**$ 15.69**	**5.6%**		**$ 305.59**	**$ 10.69**	**3.6%**

Average Industrial (Rate N) Impact (total bill, as compared to current rates)	**4.1%**

APPENDIX D
Proposed Findings of Fact

APPENDIX D

PROPOSED FINDINGS OF FACT

1. UGI Utilities, Inc. – Gas Division ("UGI Gas" or the "Company") is a "public utility" and "natural gas distribution company" ("NGDC") as those terms are defined in Sections 102 and 2202 of the Public Utility Code, 66 Pa.C.S. §§ 102, 2202, subject to the regulatory jurisdiction of the Pennsylvania Public Utility Commission ("Commission"), and provides natural gas distribution services to customers located in its certificated service territory.

2. UGI Gas furnishes natural gas to approximately 706,232[1] residential, commercial, and industrial customers in over 46 counties throughout Pennsylvania.

3. This proceeding was initiated on January 28, 2026, when UGI Gas filed Supplement No. 63 to Gas Tariff PA. P.U.C. Nos. 7 and 7S ("Supplement No. 63") with the Pennsylvania Public Utility Commission ("Commission"). Supplement No. 63 was issued to be effective for service rendered on or after March 29, 2026. It proposed changes to UGI Gas's base retail distribution rates designed to produce an increase in revenues of approximately $99.368 million, based upon data for a fully projected future test year ("FPFTY") ending September 30, 2027 ("2026 Base Rate Case"). The filing was made in compliance with the Commission's regulations and contains all supporting data and testimony required to be submitted in conjunction with a tariff change seeking a general rate increase.

4. On June 2 and 3, 2026, an evidentiary hearing was held for the purpose of admitting pre-served testimony and exhibits into the record and for the cross-examination of certain witnesses.

[1] This customer count is as of September 30, 2025, per the UGI Gas filing.

5. On June 18, 2026, counsel for UGI Gas notified the ALJs via e-mail that UGI Gas, the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), and the Retail Energy Supply Association ("RESA") had reached an agreement in principle as to a settlement of all issues in this matter with all parties indicating either that they would join or not oppose the settlement.

6. I&E is the prosecutory bureau within the Commission established for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and for enforcing compliance with the state and federal motor carrier safety and gas safety laws and regulations. *Implementation of Act 129 of 2008 Organization of Bureau and Offices*, Docket No. M-2008-20071852 (Order entered August 11, 2011).

7. The OCA is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

8. The OSBA is authorized to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act. Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50.

9. CAUSE-PA is an unincorporated association of low-income representatives that advocates on behalf of its members to enable consumers of limited economic means to connect to and maintain affordable water, electric, heating and telecommunications services.

10. RESA is a trade association of competitive energy suppliers that, among other endeavors, represents the interests of energy suppliers in proceedings before the Commission.[2]

[2] The positions expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group

11. Twenty-one customers filed pro se complaints opposing the proposed rate increase: Thomas Nagies at Docket No. C-2026-3060116, Mustafa Kirisci at Docket No. C-2026-3060190, Rik Bhattacharyya at Docket No. C-2026-3060305, Josh Durham at Docket No. C-2026-3060434, Daniel J. Luce II at Docket No. C-2026-3060290, Serafima Zhuravska at Docket No. C-2026-3060439, Roberta Zeek at Docket No. C-2026-3060442, Cassandra Price at Docket Nos. C-2026-3060450, Nathan Bahn at Docket No. C-2026-3060451, Robert L. Spradley, Jr. at Docket No. C-2026-3060452, Joseph Kohler at Docket No. C-2026-3060526, Brian Dugas at Docket No. C-2026-3060745, Kevin Clinebell at Docket No. C-2026-3061011, David E. Gundrum at Docket No. C-2026-3061018, Shannon Brown at Docket No. C-2026-3060947, Carl E. Reichart at Docket No. C-2026-3061125, Barbara Dunn at Docket No. C-2026-3061385, William Davis at Docket No. C-2026-3061439, Mary E. Hibbard at Docket No. C-2026-3061794, Roxann E. Curran at Docket No. C-2026-3061856, and Merle Ward at Docket No. C-2026-3062680. None of the *pro se* complainants were active parties to the proceeding.

12. The following terms of this Settlement reflect a carefully balanced compromise of the Joint Petitioners' positions on various issues. (Settlement ¶ 33.)

13. The Joint Petitioners agree that the Settlement is in the public interest. (Settlement ¶¶ 77-80.)

14. Under the Settlement, UGI Gas will be permitted to increase annual distribution rate revenue by $65 million, accomplished over two steps. (Settlement ¶ 35.)

15. In the first step, the increase effective October 1, 2026, or upon one day's notice of Commission order in this proceeding, whichever is later shall be $40 million. (Settlement ¶ 35(a).)

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of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.

16. In the second step, the increase effective October 1, 2027, shall be $25 million. (Settlement ¶ 35(b).)

17. The total distribution rate revenue increase of $65 million is less than 66% of the proposed revenue increase of $99.368 million requested in UGI Gas' January 28, 2026 filing. (Settlement ¶ 35.) The first step of the total distribution rate revenue increase is less than 41% of the Company's initially proposed revenue increase. (*Id.*)

18. The distribution rate increase in the Settlement reflects an increase in total distribution revenues of 5.26% as compared to the Company's original request of an 8.05% increase in distribution revenues. (*Id.*) The first step of the total distribution rate revenue increase is an increase in total distribution revenues of 3.24% as compared to the Company's original request of a 2.02% increase in distribution revenues. (*Id.*)

19. The agreed upon revenue requirement is a "black box" settlement, with certain exceptions discussed below.

20. Further, under the Settlement, the Company shall not file a Section 1308(d) general rate increase on or before January 15, 2029, provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies, legislative actions at the state or federal level, or state or federal tax policies affecting the Company's rates. (Settlement ¶36.)

21. Absent rate relief, UGI Gas projected that, for the 12 months ending September 30, 2027, its operations would produce an overall return on rate base of 6.55%, which equates to a return on common equity of only 7.70%. (UGI Gas St. No. 1 at 6.)

22. In this proceeding, UGI Gas, I&E, and OCA presented testimony on the overall recommended revenue requirement. In its initial filing, UGI Gas proposed a revenue increase of $99.368 million (UGI Gas St. No. 1 at 5). In its rebuttal testimony, UGI Gas adopted certain recommendations of the other parties and revised its claim to a revenue increase of $98,693,000. (UGI Gas St. No. 2-R at 3; UGI Gas Exhibit A – Fully Projected (REBUTTAL).)

23. By comparison, I&E initially recommended a revenue requirement increase of approximately $53,385,000 (I&E St. No. 1 at 4) with a return on equity of 9.81% (I&E St. No. 2 at 7) in its direct testimony. Subsequently, in I&E's surrebuttal testimony, I&E updated its recommended revenue requirement to a revenue increase of $56,706,000. (I&E St. No. 1-SR at 4.)

24. The OCA initially recommended a revenue requirement decrease of $15.8 million (OCA St. 2; Schedule JLR-1), based on a hypothetical capital structure of 51% debt and 49% equity, and a return on equity of 8.8% (OCA St. No. 3 at 7). In its surrebuttal testimony, the OCA updated its recommended revenue requirement decrease to $15.4 million. (OCA St. 2SR; Surrebuttal Schedule JLR-1.)

25. In rejoinder testimony, the Company voluntarily withdrew additional aspects of its revised claim and further revised its claim to a revenue requirement increase of $91.438 million, which continued to utilize the Company's proposed capital structure and ROE of 10.75%. (UGI Gas St. No. 2-RJ at 2-3; UGI Gas Exhibit A – Fully Projected (REJOINDER).)

26. The revenue increase in the Settlement represents a compromise of the parties' competing litigation positions. The revenue increase in the Settlement is within the range proposed by the parties, is in the public interest, and should be adopted without modification.

27. The Joint Petitioners were able to reach a full settlement that allocated the revenue in a manner that will move all classes closer to the cost of service. (Settlement ¶ 39; *see also* Appendix B.) The rate impact of the settled revenue allocation is set forth in Appendix C to the Settlement and can be derived from the Proof of Revenues included as Appendix B to the Settlement.

28. UGI Gas relied upon a class cost of service study to allocate its proposed total revenue and costs to each of the retail customer classes. (UGI Gas St. No. 11 at 2-18, 20-31; UGI Gas Exh. D.) UGI Gas, OCA, OSBA, and CAUSE-PA all presented evidence regarding revenue and cost allocation. (*See* UGI Gas St. Nos. 11, 11-R, and 11-RJ; OCA Sts. 1, and 1SR; OSBA St. No. 1, and CAUSE-PA St. No.1.) While UGI Gas and OSBA took similar positions with respect to revenue allocation, OCA opposed the Company's proposed revenue allocation based upon the cost of service methodology utilized, recommended the use of a Peak and Average ("P&A") cost allocation methodology rather than the Average and Excess ("A&E") methodology utilized by the Company. (*See, e.g.*, UGI Gas St. No. 11 at 12-16; OCA St. 1 at 54; OSBA St. No. 1 at 10.)

29. In the Settlement, the parties reached a reasonable compromise of their respective positions on the proposed revenue allocation.

30. I&E raised concerns that the Company had understated projected usage per customer for R/RT heating customers and recommended that the average usage per R/RT hearing customer that is used to determine revenue should be determined consistently with the end of the FPFTY (I&E St. No. 3 at 7-14.) CAUSE-PA raised concerns about the potential of some rate classes overpaying their costs of service. (CAUSE-PA St. No. 1 at 15-19.)

31. In the Settlement, billing determinants will be set per UGI Gas Exhibit E – Proof of Revenue, and inclusive of the detailed adjustments identified in UGI Gas Exhibit SAE-1R.

(Settlement ¶37.) As discussed in the Company's direct testimony, pursuant to the Commission-approved settlement agreement at Docket No. R-2024-3052716, it evaluated the use of a ten-year historical period and determined that a ten-year historical average of heating degree days ("HDDs") ending December 31, 2024, is an appropriate basis for both base-rate billing determinants and WNA calculations. (UGI Gas St. No. 11 at 24.)

32. I&E raised concerns that the Company had understated projected usage per customer for R/RT heating customers and recommended that the average usage per R/RT hearing customer that is used to determine revenue should be determined consistently with the end of the FPFTY. (I&E St. No. 3 at 7-14.) While the Company did not agree with the basis for these adjustments and reserved the right to propose similar use per customer determinations in the future, it accepted the adjustment. (UGI Gas St. No. 10-R at 2.)

33. The monthly customer charges will be those proposed by the Company, with the exception of Rate R/RT, which will be $19.00 effective on of the date specified in Paragraph 35(a) of the Settlement and $20.00 effective as of the date specified in Paragraph 35(b) of the Settlement. (Settlement ¶38.)

34. OCA opposed the Company's proposed increase in residential and commercial customer charges, noting that they were subject to an increase of 8.3% in the Commission-approved settlement in the prior rate case at Docket No. R-2024-3052716. (OCA St. 1 at 6.) OCA also claimed that these charges would burden low-use customers with a "greater than average portion of any proposed increase in the case." (*Id.*) CAUSE-PA recommended that fixed customer charges not be increased unless the WNA pilot continues. (CAUSE-PA St. No. 1 at 54-55.)

35. OSBA disagreed that rate decreases should be assigned to Rate XD and Rate IS classes, as these customers are subjected to negotiated rates. (OSBA St. No. 1 at 12.) OSBA

recommended applying the increases to Rate DS or Rate LFD, or both as these have revenue to cost ratios above 1.0. (*Id*.)

36. In rebuttal, UGI Gas rejected the alternative revenue apportionment proposals presented by the other parties. (UGI Gas St. No. 11-R at 6-7.)

37. In the Company's direct testimony, it provided an updated derivation of Rate NNS cost using the Company's historic methodology. (UGI Gas St. No. 10 at 17, UGI Gas Exhibit SAE-8.) RESA proposed that that UGI "utilize standard cost causation principals and set the NNS rate based on the actual cost to provide the service." (RESA St. No. 1 at 9.) UGI disputed in rebuttal that the proposed Rate NNS did not adequately reflect the cost of service. (UGI Gas St. No. 10-R at 4.)

38. UGI's WNA was implemented in November 2022. The current WNA pilot was modified pursuant to the Commission-approved settlement at Docket No. R-2024-3052716. As explained in UGI Gas' direct testimony, it functions as follows:

i) It adjusts the usage in customer bills based on deviations from normal weather, as measured by Heating Degree Days ("HDDs"), by comparing actual HDDs ("AHDDs") to normal HDDs ("NHDDs") based on a 15-year weather history.

ii) It includes a 3% deadband, meaning no adjustment is made unless the weather deviates by more than ±3% from normal. This prevents minor weather variations from triggering bill changes and ensures that adjustments occur only when there are material deviations.

iii) It applies to Residential (excluding CAP customers) and Small Commercial classes.

iv) It applies during the heating season months of October through April. By excluding non-heating season usage and focusing on the weather-sensitive portion of consumption, the mechanism is carefully targeted and limited in scope. Specifically, the WNA no longer applies in May.

(UGI Gas St. No. 11 at 35.)

39. UGI Gas proposed two modifications to its Commission-approved WNA. First, the Company proposed to extend the WNA for an additional five years after its current expiration set for October 2027. (*Id.* at 32.) Second, UGI Gas proposed to switch the WNA from utilizing a 15-year weather normalization to a 10-year weather normalization. (*Id.* at 32-33.)

40. The OCA, OSBA, I&E, and CAUSE-PA each raised concerns regarding the WNA Pilot, and respectively advanced affirmative recommendations to change it.

41. OCA recommended that the Commission reject the WNA's continuation entirely or, at a minimum, modify the WNA to increase the deadband from 3% to 5% and eliminate the month of October from the WNA period. (*See* OCA St. 1 at 4-5.) OCA also proposed that the "WNA communications with customers be reformed to include a historical presentation of incremental charges and credits as recommended by [OCA witness] Ms. Alexander." (*Id.* at 5.) OCA also objected to the Company's proposal to continue coupling the WNA with an increased residential customer charge, arguing that the combination further insulates the Company from normal volumetric sales risk. (OCA St. 1 at 35-39.)

42. OSBA recommended that the Commission extend the WNA for no more than 2 years and then require the Company to "provide the Commission with a comprehensive evaluation" of various items at the conclusion of that pilot period. (OSBA St. No. 1 at 17.)

43. CAUSE-PA's witness testified that the WNA is unjust and unreasonable, is disproportionately harmful to low-income customers, and should be permitted to expire at the end of the current pilot term rather than be renewed. (*See* CAUSE-PA St. No. 1 at 57-63.) However, if the WNA were to continue, CAUSE-PA recommended that: (1) the switch to the 10-year normalization be approved; (2) the WNA pilot should be extended for no more than 3 years; (3) the WNA period should be limited to December through March; (4) WNA billed revenue should

be excluded from the revenue upon which the DSIC is assessed; (5) the deadband should be increased from 3% to 5%; and (6) the WNA should be applied on a per class basis, reconciled annually, and surcharged over the full twelve months of the subsequent year rather than on a per customer basis due to CAUSE-PA witness Cicero's concerns about the alleged "impact the WNA has on low income households' monthly ability to afford service." (*Id.* at 65-67.)

44. I&E did not oppose extending the WNA but recommended increasing the deadband from 3% to 5%. (*See* I&E St. No. 3 at 15-16.)

45. UGI Gas opposed this change in its rebuttal, noting that increasing the deadband from 3% to 5% would "materially weaken the WNA by expanding the range of weather variation for which no adjustment is made." (UGI Gas St. No. 11-R at 46.) Further, UGI Gas noted that in using a 10-year normalization instead of a 15-year normalization, it will likely reduce the collections from customers. (*Id.* at 33-34.)

46. Nevertheless, despite their disagreement, all parties made significant concessions during the course of this proceeding with respect to its WNA Pilot in order to attempt to resolve the concerns raised.

47. The Settlement permits the Company to conduct a new WNA pilot, i.e., the "Second WNA Pilot".

48. The Second WNA Pilot will commence on November 1, 2027, and run through the date of entry of an order in the Company's next base rate proceeding. (Settlement ¶ 40.)

49. For the Second WNA Pilot, the parties agree that UGI Gas will continue the use of its existing WNA methodology, yet implement the use of a 5% deadband. (Settlement ¶ 41.) As in the existing Pilot, the WNA will not apply to customers enrolled in the Company's Customer Assistance Program ("CAP"). (Settlement ¶ 41(b).)

50. The WNA will use the HDDs produced by the 10-year normal weather used to determine the Company's base rates and the actual experienced HDDs for the period from November 1 through April 30. (Settlement ¶ 41(a).)

51. In the Settlement, UGI Gas agrees to file for renewal, revision, extension, or elimination of the Second WNA Pilot as a part of its next base rate case, and the parties reserve the right to challenge the same. (Settlement ¶ 42.) Regarding the existing WNA, The Company's WNA methodology in the proposed tariff in this proceeding (UGI Gas Exhibit F Proposed) will be approved and remain in effect through the billing month of April 2027. (Settlement ¶ 43.)

52. The Company offers four programs under its Universal Service and Energy Conservation Plan ("USECP") that assist low-income customers: (1) CAP; (2) the Hardship Fund (i.e., Operation Share); (3) Low-Income Usage Reduction Program ("LIURP"); and (4) the Customer Assistance Referral and Evaluation Services ("CARES"). (UGI Gas St. No. 12 at 3-5.) UGI Gas did not propose any changes to its USECP or any of its Universal Service Programs ("USPs") as a part of the 2026 Base Rate Case, with the exception of an increase to Operation Share funding discussed in UGI Gas St. No. 1.

53. UGI Gas did not propose any changes to its CAP as a part of this case. (UGI Gas St. No. 12-R at 13.) The OCA and CAUSE-PA raised concerns regarding the Company's CAP, including concerns related to screening and identification of low-income customers (CAUSE-PA St. No. 1 at 72-73; OCA St. 6 at 51-58) and marketing of CAP programs.

54. CAUSE-PA also raised concerns regarding Operation Share funding levels, recommending that the Company contribute funds over $1.5 million to account for hardship that might arise from the impact of a rate increase. (CAUSE-PA St. No. 1 at 77.) In rebuttal, the Company questioned this recommendation as CAUSE-PA's witness had not discussed appropriate

funding levels with any of the Company's Community Based Organizations ("CBOs"). (UGI Gas St. No. 12-R at 18.)

55. Pursuant to the Settlement, UGI will make a one-time payment to Operation Share in the amount of $250,000, in addition to the $1,000,000 contribution discussed in the direct testimony of Hans Bell in UGI Gas St. No. 1. (Settlement ¶ 44.) After the $250,000 contribution is made, UGI Gas shall maintain no less than $1.5 million in total annual contributions (inclusive of the $1,000,000 identified in St. No. 1) until the effective date of rates in its next base rate case. (Settlement ¶ 44.)

56. Several parties also raised affordability concerns, and concerns that external economic pressures customers are facing that might impact their ability to afford their utility bills. (*See, e.g.*,; OCA St. 1 at 10-20; OCA St. 5 at 8-9; OCA St. 6 at 5-41; and OCA St. 7 at 4-9; CAUSE-PA St. No. 1 at 15-34; Tr. 118, 120-121, 128, 158.) UGI Gas took the position that utility ratemaking is not a mechanism to resolve other economic problems. (UGI Gas St. No. 16-R at 5-6.)

57. Pursuant to the Settlement, UGI will implement the following changes to its low-income screening protocols:

> UGI Gas will inform all new and moving customers that UGI Gas has reduced billed rates for income eligible households. UGI Gas will inquire whether these customers would like to provide their income to learn if they qualify. If a customer wants more information, UGI Gas will provide additional information on the program and eligibility.
>
> UGI Gas will ask all non-emergency callers at the outset of the call whether as part of the call they would like to hear information regarding customer programs that provide reduced billed rates for income eligible households.
>
> UGI Gas customers identified as low income through these regular screening processes will be offered an opportunity to enroll in the Company's CAP at that time and, if they are not able to be enrolled

> shall be referred for enrollment in CAP and other universal service programs – as well as the Low Income Home Energy Assistance Program ("LIHEAP").

(Settlement ¶ 51.)

58. A Low-Income Customer Assessment and Outreach Pilot was established as part of the Commission-approved Settlement at Docket No. R-2024-3052716. Pursuant to the Settlement in the instant case, the parties agree that UGI Gas will provide updates on the progress of its Low-Income Customer Assessment and Outreach Pilot at each of its Universal Service Advisory Committee ("USAC") meetings (i.e., between 2 to 4 times per year). (Settlement ¶ 52.)

59. Concerns were also raised by OCA regarding the use of customer social security numbers given the rise in identity theft. (OCA St. 6 at 64-76.) As part of the settlement, UGI Gas agrees to undertake a study that will identify the feasibility of ceasing the use of customer social security numbers, any associated policy/system changes required and the cost thereof, and the timeline for implementation. UGI Gas agrees to provide the results of the study to the parties to this proceeding on or before October 1, 2027. (Settlement ¶ 45.)

60. Pursuant to the Settlement, UGI Gas has agreed to remove section 5.1(b)(1) from the UGI Gas Tariff:

> (1) Service location is directly accessible from an existing or proposed (non-high pressure) Company main that would be extended up to one hundred fifty (150) feet

This removal is intended to ensure cost effective growth that will benefit existing customers. (Settlement ¶ 46.)

61. UGI Gas has committed to instating an Expanded Arrearage Forgiveness Pilot Program, as follows:

> a) Beginning on April 1, 2027, UGI Gas will implement an Expanded Arrearage Forgiveness Pilot Program that will remain in place through the effective date of rates established in its next

base rate case. This program will be available to active customers with income levels of 151% to 300% of the Federal Poverty Income Guidelines ("FPIG"). UGI Gas will provide an eligible customer with the option of a 24-month payment plan on 50% of their current arrears. UGI Gas will require the customer to enroll in budget billing. Once enrolled, 50% of the arrears will be deferred (the "deferred balance"). For each in full payment that the customer makes on their budget bill plus their arrears payment arrangement amount, UGI Gas will forgive 1/24th of the customer's deferred balance. Forgiveness dollars will be fully recoverable through the Company's Rider F – Universal Service Program ("USP"). The parties agree that cost recovery for the expanded arrearage forgiveness program will be capped at a maximum of $0.90 on the average residential customer's monthly bill. Once the program reaches the cap, the Company will stop enrolling new customers in the Expanded Arrearage Forgiveness Pilot Program. The Company shall track the yearly balances and present a yearly accounting in the next base rate filing.

b) If a customer participating in the Expanded Arrearage Forgiveness Pilot Program defaults on their payment arrangement, they will be permitted to catch up all missed payments and earn forgiveness so long as they are a customer. UGI Gas will provide billing information consistent with the treatment of CAP customers that are past due, i.e., these customers will only see the past due amount on their arrangement/budget and not the total arrearage.

c) During the term of the Expanded Arrearage Forgiveness Pilot Program, a customer will only be able to participate in the pilot for one set of arrearages.

d) In its next base rate case, the Company will provide an analysis of the function of the Expanded Arrearage Forgiveness Pilot Program and propose whether it should continue or be terminated. (Settlement ¶ 47.)

62. UGI Gas has committed to including "OSBA's and OCA's contact information and a description of their services on the Company's website. The Company will also include a link to the Pennsylvania Bar Association's free legal answers. The information should be included at a prominent location on the relevant customer service page of the website." (Settlement ¶ 48.)

63. The Settlement provides that, "UGI Gas will update protections for victims of domestic violence to also accept a written certification from a domestic violence counselor/advocate. This information will be treated as non-public and confidential information under the Company's confidentiality protocols for victims of domestic violence." (Settlement ¶ 49.)

64. OCA and CAUSE-PA also expressed concerns with UGI Gas's application of security deposit exemptions. OCA claimed that UGI Gas is substantially noncompliant with the Commission's deposit exemption for low-income customers and recommends that UGI Gas "be directed to accept *any* information beyond information on income and household size that would 'attest to' the household's eligibility for a state benefit that is consistent with CAP income requirements." (OCA St. 6 at 59-62.) OCA also recommends that UGI Gas "be directed to eliminate the requirement that a customer must apply for CAP in order to establish their eligibility for a deposit exemption." (*Id.* at 62.) CAUSE-PA recommended that "UGI [Gas] amend its tariff and all its internal processes so that customers who have been confirmed to be income eligible for CAP have their security deposit refunded to them regardless of whether they enroll in CAP or not." (CAUSE-PA St. No. 1 at 86.) UGI Gas clarified in its rebuttal that CAP enrollment is not a prerequisite to receiving a deposit exemption, but the CAP application is utilized to streamline the process and have a uniform verification process for customers. (UGI Gas St. No. 12-R at 26.)

65. The Settlement requires UGI Gas to initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as "income verified low income" to the customer within 30 days. (Settlement ¶ 50.) Related to this requirement, UGI Gas will amend Tariff Rule 3.3 (f) to change the words "and become enrolled in the Company's customer assistance programs" to "and are confirmed to be eligible for the Company's customer

assistance programs". (Settlement ¶ 50(a).) This amendment is reflected in Appendix A to this Settlement. (Settlement ¶ 50(a).) UGI Gas will also modify its processes and procedures regarding the low-income exemption from deposits. UGI Gas will accept any information beyond information on income and household size that would "attest to" the household's eligibility for a state benefit that is consistent with CAP income requirements. (Settlement ¶ 50(b).) The Company will meet in a collaborative within 90 days of a final order in this proceeding to discuss with interested parties how COMPASS information may be used to confirm low-income customer exemption from deposits. (*Id.*)

66. OCA additionally expressed concerns regarding the Company's training materials, particularly with regard to the training field technicians receive on consumer rights. (OCA St. 5 at 14-15.) In rebuttal, the Company expressed concern with treating field technicians as customer service representatives and noted that customers are provided multiple notifications explaining their consumer rights, particularly as they impact potential service termination. (UGI Gas St. No. 3 at 8-9.) In response to concerns raised by the parties regarding field training, UGI Gas has agreed to develop a new field training manual. The Company:

> a) . . . will develop a field training manual that sets forth the conditions that would require its field employees to not proceed with termination under the Commission's regulations at 52 Pa. Code § 56.94(1). UGI Gas will submit a draft of this field training manual to its USAC within 90 days of the date of entry of a final order approving this Settlement.
>
> b) UGI Gas agrees that, beginning in the FPFTY, it will provide a dedicated reporting process for field workers to report customers identified as potentially being in distress or in need of assistance so that appropriate Company or community partners can conduct outreach. Beginning in the FPFTY and on an annual basis, UGI Gas will conduct mandatory training for all field employees to inform them of the program. The training will instruct employees on how to recognize observable indicators, including health concerns, confusion or disorientation, and unsafe home or equipment

> conditions, as well as the appropriate procedures for referring customers through the dedicated reporting process.

(Settlement ¶ 53.)

67. The OCA raised concerns about the lack of customer specific communications to customers participating in natural gas shopping. (OCA St. 5 at 23-25). The Company "will convene a collaborative of interested stakeholders, including the parties to this proceeding, to discuss the development of targeted customer communications regarding natural gas shopping within 60 days of the entry of an order approving the settlement. As part of the collaborative, UGI Gas will propose additional and/or more targeted customer communications to assist customers in ensuring affordability for basic natural gas service due to high natural gas supplier ("NGS") charges that appear on the customer bill that UGI Gas collects under threat of termination of service." (Settlement ¶ 54.)

68. Concerns were also raised with variability in the Company's Call Center Performance. (OCA St. 5 at 12-13.) UGI Gas presented evidence in rebuttal indicating that that the performance has not changed meaningfully year-over year. (UGI Gas St. No. 13-R at 4-5.) As part of this Settlement, UGI Gas will maintain its call center performance at levels consistent with its average 2025-2026 (through May) performance as reported to the Commission during the effective years of the rates established by the Settlement. UGI Gas will meet with the parties to this proceeding at least annually to discuss areas of challenge and the Company's plans to address the challenges. (Settlement ¶ 55(a).)

69. UGI Gas will report on internal performance and compliance-related performance indicators for its third-party call contractors in the annual meetings identified in the foregoing paragraph, *supra*, and will include them in the direct testimony in its next base rate proceeding. (Settlement ¶ 55(b).)

70. UGI Gas will also report on its compliance with the Universal Service and Customer Service provisions set forth in Paragraphs 44-55 of the Settlement, and the provisions set forth in the Commission-approved settlement at Docket No. R-2024-3052716, to the parties in these proceedings no later than October 1 of each year until it has completed all commitments. UGI Gas will also include information on each of these provisions and commitments in the next base rate case filing. (Settlement ¶ 56.)

71. Regarding the Company's DSIC, the Company will submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 4, 2027, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2025, through September 30, 2026. (Settlement ¶ 60.) An additional update for actuals from October 1, 2026, through September 30, 2027, shall be filed no later than January 3, 2028. (Settlement ¶ 60.)

72. The Settlement provides that, as of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY or (2) once the total Utility Plant account balance exceeds $6,676,559,000, as projected by UGI Gas at September 30, 2027 per UGI Gas Exhibit A, Schedule C-1, line 1. (Settlement ¶ 58.) The Joint Petitioners agree that this provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing. (Settlement ¶ 58.)

73. In addition, the Settlement provides that for purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for natural gas utilities contained in the most recent Quarterly

Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1). (Settlement ¶ 59.)

74. The Settlement provides that the Company's proposed accounting treatment and recovery of certain environmental costs is approved as set forth in the direct testimony of UGI witness Keller, UGI Gas Statement No. 5, pages 16 – 18. (Settlement ¶ 61.) Consistent with the methodology the Company has used in past rate cases, UGI Gas utilized two adjustments to reconcile past Environmental Remediation expense rate recoveries with actual incurred costs and to recover a projected annual level of Environmental Remediation expense. (UGI Gas St. No. 5 at 16-17.) These costs are incurred in connection with UGI Gas's obligations under a Consent Order Agreement ("COA") with the Pennsylvania Department of Environmental Protection ("DEP"). (*Id.* at 17.)

75. The first of these adjustments provided the Company with normalized ratemaking recovery of ongoing annual cash expenditures primarily to remediate former manufactured gas plant ("MGP") sites in accordance with the COA, based upon the last three years of cash expenditures for remediation expense under the COA. (*Id.* at 17.)

76. The second of these adjustments shows the net under-recovery of the Company's MGP remediation expense incurred in past years, and the planned amortization for this net under-recovery, which collects this amount from customers over a two-year period. (*Id.* at 18.) This two-year amortization period is consistent with the period approved in the settlement of the Company's prior rate case at Docket No. R-2024-3052716. (*Id.*)

77. This provision of the Settlement maintains previously approved adjustments related to environmental remediation expense from the Company's prior base rate cases and also provides for the recovery of certain amounts previously not charged to ratepayers.

78. No party opposed the Company's proposals regarding accounting treatment and recovery of certain environmental costs.

79. Under the Settlement, the Joint Petitioners agree the Company's Accumulated Deferred Income Tax ("ADIT") and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. (Settlement ¶ 62); *see* 26 C.F.R. § 1.167(l). The Settlement also provides that the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. (Settlement ¶ 62.) The Settlement provision reflects that the Company's claim is based on a FPFTY and ensures compliance with Internal Revenue Service ("IRS") normalization requirements. The Settlement further provides that absent a change in federal or state law, regulation, judicial precedent or policy, the remaining unamortized EDFIT balance will continue as a reduction to rate base in all future proceedings until the full amount is returned to ratepayers. (Settlement ¶ 62.)

80. In its filing, the Company calculated an FPFTY ending balance for federal ADIT and deducted this amount from rate base. (UGI Gas St. No. 9 at 6.) Company witness Espigh explained that the federal ADIT amount "reflects the difference in income tax expense for book and tax purposes attributable to the difference between the accelerated tax depreciation and straight-line book depreciation on test year plant balances, net of offsets associated with contributions in aid of construction." (*Id.*) In addition, as the state tax consequence of accelerated depreciation is flowed through, there is no associated state ADIT balance. (UGI Gas St. No. 9 at 6.) The Company also included a reduction to rate base associated with the unamortized EDFIT in its ADIT balance. (*Id.* at 7.) Finally, Company witness Espigh testified that the Company's calculation of its federal ADIT rate base deduction properly reflects the pro-rationing concept in

accordance with Treasury Regulation 1.167(l)-1(h)(6)(ii) that it must follow for ratemaking purposes to comply with IRS normalization requirements. (*Id.* at 7.)

81. UGI Gas explained in its initial filing that in its tax return for the year ended September 30, 2009, UGI Gas adopted a tax accounting method to expense as repairs certain items capitalized for book purposes in accordance with federal tax regulations. (*Id.*) As it did in the Company's previous base rate case UGI Gas chose to normalize its federal income tax expense claim, inclusive of the repairs tax deduction. (*Id.*) This difference between accelerated tax depreciation versus book depreciation in the calculation of federal tax expense creates ADIT. (*Id.* at 7-8.) Therefore, the Company reduced its rate base by the sum of the federal ADIT balance and the state repair regulatory liability. (*Id.* at 8.) Effective for tax year September 30, 2024, UGI Gas adopted the safe harbor method under IRS Revenue Procedure 2023-15 ("Rev. Proc. 2023-15") for purposes of determining the applicable repairs deduction for tax purposes. (*Id.*) These results are the basis for the estimated repairs deductions used in this rate case. The adoption of the new guidance only clarifies what expenditures qualify as tax deductions. (*Id.*) There has been no change in the Company's accounting treatment of repair deductions. (*Id.*) The Settlement states that, for purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a tax return have been normalized for ratemaking purposes, and the appropriate related amount of tax effect of those deductions has been reflected as ADIT as a reduction to UGI Gas's rate base. (Settlement ¶ 63.)

82. No party opposed the Company's proposals regarding its federal state income tax claims.

83. In the Settlement, UGI Gas's as-filed depreciation and amortization rates will be used. (Settlement ¶ 64.) UGI Gas presented detailed depreciation studies on the Company's plant

for the Historic Test Year ("HTY"), Future Test Year ("FTY"), and FPFTY. (*See* UGI Gas Exhibit C – Fully Projected, UGI Gas Exhibit C – Future, and UGI Gas Exhibit C – Historic.) The depreciation studies were sponsored and supported by the direct testimony of UGI Gas witness Wiedmayer. (*See* UGI Gas St. No. 6.) OCA proposed that the Company convert from the Equal Life Group ("ELG") procedure to the Average Life Group ("ALG") procedure. (*See* OCA St. No. 4 at 6.) UGI Gas opposed OCA's proposal.

84. The parties continue to disagree regarding the proper depreciation method and reserve their rights to present positions in a future base rate case. (Settlement ¶ 64.)

85. The Settlement provides that the Company's revenue increase reflects a three-year normalization for ratemaking purposes and a three-year amortization for accounting purposes. consistent with the period of time reflected in the stay-out provision (Settlement ¶ 65.) Further, the Settlement states that the Company will not claim any unamortized amount in a future rate case and agrees that normalization of rate case expense (as opposed to amortization) is the proper treatment for ratemaking purposes. (Settlement ¶ 65.)

86. Since 2016, the Company has capitalized certain information technology ("IT") costs associated with software implementation projects. (UGI Gas St. No. 4 at 9.) These IT costs consist of internal labor, external consulting expenses, and other expenses related to the preparation of the vendor and system integrator requests for proposals. (*Id.*) IT costs also include current-state assessments, reengineering business processes to adapt to the new system, data conversion, cleansing and migration (including field verification and digitization of asset attributes required for accurate data and facility capture), and implementation training costs. (*Id.*) Additionally, the Company capitalizes the above-mentioned cost items for cloud computing software implementation projects. (*Id.*) Further, beginning in 2019, the Company began

capitalizing Hypercare costs associated with large software implementation projects. (*Id.*) Hypercare is a term for post-implementation support following the deployment of an IT project to ensure that the newly implemented system operates as planned. (*Id.* at 9-10.) The Company continues to capitalize such costs in line with the authorizations received previously, and all such costs which are claimed in the current case are included within the Company's budgeted capital as laid out in Exhibit A (Future) and Exhibit A (Fully Projected). (*Id.* at 10.)

87. No party opposed the Company's as-filed accounting treatment of certain IT costs.

88. The Joint Petitioners have agreed that, for purposes of the Settlement, UGI Gas's as-filed accounting treatment of certain IT costs is accepted as set forth in the direct testimony of UGI Gas witness Ressler, UGI Gas Statement No. 4, pages 9 - 10. (Settlement ¶ 66.)

89. Regarding pipeline restoration costs, I&E raised concerns in its testimony addressing the cost increase associated with the Company's main replacement program, and specifically the increase in restoration costs from 2020-2025. (*See* I&E St. No. 4 at 11-12) I&E witness Ritchie testified that UGI Gas has seen a "47% increase in restoration costs during the last six years" and that if the Company spent less on restoration, then more funds would be available for pipeline replacement. (*Id.* at 12-13.) The Company described what factors have led to an increase in restoration costs, as well as the many ways in which it seeks to reduce restoration costs and indicated it will continue to look for opportunities to manage the impact of restoration costs on its pipeline replacement work. (UGI Gas St. No. 3-R at 3-5.)

90. In the Settlement, UGI Gas agreed to continue to produce a report for pipeline replacements, to be filed annually as part of its Annual Asset Optimization Plan ("AAOP") filing, identifying its ten most expensive restoration projects per year over the past three years, and specifically identifying costs incurred in excess of the Pennsylvania Department of Transportation

restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. (Settlement ¶ 67.) The Company will discuss the results of the annual report on restoration costs with the Commission's Pipeline Safety Division. (Settlement ¶ 67.)

91. As discussed in the testimony of Company witness Walter, UGI Gas is piloting the use of in-home methane detection devices pursuant to the Commission-approved Settlement at Docket No. R-2024-3052716. (UGI Gas St. No. 3 at 19.) This initiative is designed to evaluate the effectiveness of commercially available methane detectors in providing early warning of potential gas leaks within customer homes. (*Id.*) UGI Gas is also testing cellular and Long Range Wide Area Network ("LoRaWAN"), remote communication as well as non-communication units. (*Id.*) UGI Gas has deployed approximately100 units as of the end of CY25. (*Id.*)

92. I&E recommended that the pilot program be increased to 3,000 Smart Remote Methane Detectors ("SRMDs") units during the pilot timeframe, with an emphasis on leak-prone and higher risk areas first, with the goal of ultimately expanding the program until every gas customer has an SMRD unit. (I&E St. No. 4 at 9.) I&E also proposed a detailed quarterly reporting requirement on the program. (*Id.* at 9-10.)

93. UGI Gas opposed these recommendations, citing concerns about whether quarterly filing would be too frequent to reflect meaningful progress, and whether the SMRD technology, in its nascent state, would be appropriate for widespread deployment. (UGI Gas St. No. 3-R at 7-8.)

94. The Settlement provides that UGI Gas agrees to provide a copy of any analysis produced at the conclusion of the Gas Technology Institute ("GTI") pilot program investigating the use of SRMDs to the Pipeline Safety Division within 30 days of its production to UGI Gas. The Company also agrees to host a technical conference open to parties, Commission personnel,

and other NGDCs to review the results of the GTI pilot, UGI Gas's pilot, and to discuss policy and operational considerations regarding further deployment of Remote Methane Detectors ("RMDs") and SRMDs within 90 days of the conclusion of the GTI pilot. (Settlement ¶ 68.)

95. RESA raised a number of supplier concerns in its testimony, including: recommending that UGI implement daily imbalance trading, that UGI Gas be required to implement a tariffed policy that provides for force majeure protections, and that its proposed rate for NNS be rejected in favor of a cost-based rate for NNS. (RESA St. No. 1 at 3.)

96. Pursuant to the Settlement, UGI Gas will conduct a study to evaluate the feasibility of and cost associated with offering daily imbalance trading. The Company will provide the results of that study to the parties to this proceeding on or before March 1, 2027. Further, the Company will address the study on daily imbalance trading in its 2027 purchased gas cost ("PGC") proceeding, including any cost recovery associated with the implementation of IT upgrades necessary to facilitate daily imbalance trading. (Settlement ¶ 70.)

97. The Company will revise its tariff to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers. The revisions to its tariff are reflected in **Appendix A** to this Settlement. (Settlement ¶ 71.)

98. Regarding Rate NNS, the parties agree that beginning on the effective date of new rates in this proceeding, Rate NNS will be established at $0.20 per Mcf. (Settlement ¶ 72.)

99. UGI Gas offers a Purchase of Receivables ("POR") Program, under which the Company "purchases the uncollected receivables from participating suppliers and assumes responsibility for billing the customer and collecting the associated revenue." (UGI Gas St. No. 15-R at 32.) UGI Gas proposed no changes to its Commission-approved POR Program in this proceeding.

100. CAUSE-PA proposed certain modifications to the POR Program. Specifically, CAUSE-PA recommended that "UGI provide notice to suppliers that effective January 1, 2027," the Company "will no longer be purchasing the receivables from participating suppliers, unless the supplier provides natural gas service at a price that is at or below UGI's default service price." (CAUSE-PA St. No. 1 at 2, 87.) UGI Gas noted in its rebuttal testimony that, the current POR Program is offered "consistent with the Commission's regulations and requirements." (UGI Gas St. No. 15-R at 33.)

101. Pursuant to the Settlement, within 90 days of the approval of the Settlement in this proceeding, UGI Gas will hold a workshop with interested parties, including the parties to this proceeding, to develop annual Choice Program reporting components to provide parties with a better understanding of the function of the Choice program on affordability. (Settlement ¶ 69.)

102. UGI Gas assigns recovery of its universal service costs to residential customers through its Universal Service Program ("USP") Rider. However, UGI Gas proposed to assign universal service costs to Rate XD on a negotiated basis as a part of its initial filing. (UGI Gas St. No. 10 at 22.)

103. CAUSE-PA recommended that USECP costs "should be assigned to all rate classes based on their respective distribution revenue requirements per the Company's cost of service study (COSS) filed in the current case." (CAUSE-PA St. No. 1, at 83). In the alternative, CAUSE-PA recommends "at the very least, these costs should be assess consistent with UGI's proposal to assign them to Rate class XD, but with the modification that such assignment should be required rather than permissive." (*Id.*) This proposal was opposed by OSBA. (OSBA St. No. 1-R at 1-2.)

104. The Settlement provides that, UGI Gas's proposal to assign universal service costs to Rate XD on a negotiated basis is accepted as filed. (Settlement ¶ 73.) UGI Gas further agrees

to include a proposal for universal service and DSIC contributions each time it enters into contract negotiations with a Rate XD customer beginning on and after October 1, 2026, or the first day of the first month after the Commission enters an order approving the settlement. (Settlement ¶ 74.)

105. CAUSE-PA recommended that UGI Gas amend Rule 9 of its tariff involving termination. (CAUSE-PA St. No. 1 at 92-93.) Specifically, CAUSE-PA recommended to provide at least 10 days' written notice of termination (as opposed to "reasonable notice") and to remove "violation of tariff Rules and Regulations" as a ground for termination of service. (*Id.*) CAUSE-PA witness Cicero claims that the latter provision "is overly broad and is not authorized by existing PUC regulations of the Public Utility Code." (*Id.* at 92.) The Company agreed to amend the retail tariff to provide at least 10 days' written notice of termination, but did not agree that terminations for tariff violations were unauthorized. (UGI Gas St. No. 13-R at 15-16.)

106. Pursuant to the Settlement, UGI Gas agreed to amend Tariff Rule 9.1 (a) as follows, and as reflected in Appendix A to this Settlement:

a) Amend the rule to delineate grounds for termination that require notice from those that do not,

b) Specify 10-day notice is necessary prior to terminations that require notice.

c) Remove the phrase "(v) violation of tariff Rules and Regulations."

(Settlement ¶ 75.)

107. UGI Gas also agreed to review and revise its tariff to correct outdated references to state agencies and eliminate all references to expired sections of the Public Utility Code. These revisions are reflected in **Appendix A** to this Settlement. (Settlement ¶ 76.)

108. UGI Gas agrees to provide tariff clarity on the availability of payment arrangements for Rate N/NT, consistent with the terms and conditions of the Commission-approved settlement

of its 2025 Base Rate Case. The revisions to its tariff required to provide this clarity are reflected in **Appendix A** to this Settlement. (Settlement ¶ 77.)

APPENDIX E
Proposed Conclusions of Law

APPENDIX E

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 1301, 1308(d).

2. Under Section 1301 of the Public Utility Code, a public utility's rates must be just and reasonable. 66 Pa.C.S. § 1301.

3. The Commission possesses a great deal of flexibility in its ratemaking function. See *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995). "In determining just and reasonable rates, the [Commission] has discretion to determine the proper balance between the interests of ratepayers and utilities." *Id*.

4. "It is the Commission's duty to determine the public interest and to protect the rights of the public." *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).

5. Consistent with the Commission's other statutory responsibilities, the Commission must determine the public interest with "due consideration to the interests of consumers." 71 P.S. § 309-5.

6. The term "just and reasonable" is not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulae; rather, the Commission is granted the power to balance the prices charged to utility customers and returns on capital to utility investors. *Pa. PUC v. Pa. Gas & Water Co.,* 424 A.2d 1213, 1219 (Pa. 1980), *cert. denied*, 454 U.S. 824, 102 S. Ct. 112, 70 L. Ed. 2d 97 (1981).

7. Rates must not be unduly discriminatory among customer groups. 66 Pa.C.S. § 1304. The Commission has discretion to determine reasonable classification of service of rates as may be justified "by a variety of considerations including the quantity of service used, the nature of the use, the time of the use, the pattern of the use, differences of conditions of service or cost of service." *Zucker v. Pa. Pub. Util. Comm'n*, 401 A.2d 1377, 1382 (Pa. Cmwlth. 1979).

8. The Commission must authorize a sufficient, or fair, rate of return to public utilities to ensure adequate revenues to cover operating expenses, debt service expenses and common and preferred (if necessary) dividends, as well as to maintain the financial integrity of the utility and enable the public utility to attract needed debt and equity capital in the marketplace or on reasonable terms, in competition with firms of similar risk. *Federal Power Comm'n v. Hope Nat. Gas Co*., 320 U.S. 591 (1944); *Bluefield Water Works Improvement Co. v. Pub. Serv. Comm'n of W.V.*, 262 U.S. 679 (1923).

9. A utility's cost of providing service guides the ratemaking process. *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010 (Pa. Cmwlth. 2006). Additional important ratemaking concerns include quality of service, rate gradualism, and rate affordability. *Pa. Pub. Util. Comm'n v. Columbia Gas of Pa, Inc*., Docket No. R-2020-3018835 (Opinion and Order entered Feb. 19, 2021); 66 Pa.C.S. §§ 523, 526(a); *Lloyd v. Pa. Pub. Util. Comm'n*, 904 A.2d 1010 (Pa. Cmwlth. 2006); *Pa. Pub. Util. Comm'n v. Twin Lakes Util., Inc*., 2020 Pa.P.U.C. LEXIS 340, *46-54 (Order Mar. 26, 2020)).

10. Commission policy promotes settlements. 52 Pa. Code § 5.231. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative resources. *Pa. Pub. Util. Comm'n v. Peoples TWP, LLC,* Docket No. R-2013-2355886, at p. 28 (Opinion and Order entered Dec. 19, 2013).

11. Settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.

12. The Commission recognizes that settlements represent "a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest." *Pa. Pub. Util. Comm'n v. CS Water and Sewer Assocs.*, 74 Pa. P.U.C. 767, 771 (1991).

13. The Commission permits the use of "black box" settlements. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2024-3052716, p. 145 (Recommended Decision adopted by Order entered September 11, 2025); *Pa. PUC v. Aqua Pa., Inc.,* Docket No. R-2011-2267958, pp. 26-27 (Order entered June 7, 2012); *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886, pp. 27-28 (Order entered Dec. 19, 2013); Statement of Chairman Robert F. Powelson, Implementation of Act 11 of 2012, Docket No. M-2012-2293611, Public Meeting, August 2, 2012.

14. To accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket Nos. R-2015-2518438, *et al.* (Order entered Oct. 14, 2016); *Pa. PUC v. Philadelphia Gas Works*, Docket No. M-00031768 (Order entered Jan. 7, 2004).

15. Parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. Pub. Util. Comm'n v. MXenergy Elec. Inc*., Docket No. M-2012-2201861 (Opinion and Order entered Dec. 5, 2013).

16. The Joint Petitioners have the burden to prove that the Settlement is in the public interest. *Pa. PUC v. Pike Cnty. Light & Power (Electric)*, Docket Nos. R-2013-2397237, C-2014-2405317, *et al.* (Order entered Sept. 11, 2014).

17. The decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704.

18. "Substantial evidence" is such relevant evidence that a reasonable mind might accept as adequate to support a conclusion. More is required than a mere trace of evidence or a suspicion of the existence of a fact sought to be established. *Norfolk & Western Ry. Co. v. Pa. PUC*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Review*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Comm., Dept. of Public Welfare, White Haven Center,* 480 A.2d 382 (Pa. Cmwlth. 1984).

19. For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).

20. The evidence must be substantial and legally credible, not mere "suspicion" or a "scintilla" of evidence. *Samuel J. Lansberry, Inc. v. Pa. PUC,* 578 A.2d 600, 602 (Pa. Cmwlth. 1990.)

21. The Commission must make findings "in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence." 66 Pa.C.S. § 703(e); *ARIPPA v. PUC*, 792 A.2d 636, 668-669 (Pa. Cmwlth. 2002).

22. The rates and terms of service set forth in the Settlement are supported by substantial evidence and are in the public interest. Therefore, consistent with the terms and conditions set forth in the Settlement, UGI Gas' proposed rate increase, as modified by this Settlement, should be granted.

APPENDIX F
Proposed Ordering Paragraphs

APPENDIX F

PROPOSED ORDERING PARAGRAPHS

1. That the Pennsylvania Public Utility Commission approve this Settlement, including all the terms and conditions thereof, without modification;

2. That the formal complaints of the Office of Consumer Advocate at Docket No. C-2026-3060342, the Office of Small Business Advocate at Docket No. C-2026-3060353, and the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania at Docket No. C-2026-3060448 be deemed satisfied and marked closed.;

3. That the *pro se* formal complaints opposing the proposed rate increase of Thomas Nagies at Docket No. C-2026-3060116, Mustafa Kirisci at Docket No. C-2026-3060190, Rik Bhattacharyya at Docket No. C-2026-3060305, Josh Durham at Docket No. C-2026-3060434, Daniel J. Luce II at Docket No. C-2026-3060290, Serafima Zhuravska at Docket No. C-2026-3060439, Roberta Zeek at Docket No. C-2026-3060442, Cassandra Price at Docket Nos. C-2026-3060450, Nathan Bahn at Docket No. C-2026-3060451, Robert L. Spradley, Jr. at Docket No. C-2026-3060452, Joseph Kohler at Docket No. C-2026-3060526, Brian Dugas at Docket No. C-2026-3060745, Kevin Clinebell at Docket No. C-2026-3061011, David E. Gundrum at Docket No. C-2026-3061018, Shannon Brown at Docket No. C-2026-3060947, Carl E. Reichart at Docket No. C-2026-3061125, Barbara Dunn at Docket No. C-2026-3061385, William Davis at Docket No. C-2026-3061439, Mary E. Hibbard at Docket No. C-2026-3061794, Roxann E. Curran at Docket No. C-2026-3061856, and Merle Ward at Docket No. C-2026-3062680 be dismissed and marked closed.;

4. That the investigation into this matter be terminated and the matter marked closed; and

5. That the Commission issue an Opinion and Order terminating the proceeding, and authorizing UGI Gas to file the *pro forma* tariff supplements attached to the Settlement as **Appendix A**. UGI Gas will be permitted to increase annual distribution rate revenue by $65 million, accomplished over two steps. In the first step, the increase effective October 1, 2026, or upon one day's notice of Commission order in this proceeding, whichever is later shall be $40 million. (Settlement ¶ 35(a).) In the second step, the increase effective October 1, 2027, shall be $25 million. (Settlement ¶ 35(b).)

APPENDIX G

Statement in Support of UGI Utilities, Inc. – Gas Division

Appendix G

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	R-2025-3059523
Office of Consumer Advocate	:	C-2026-3060342
Office of Small Business Advocate	:	C-2026-3060353
Coalition for Affordable Utility Services	:	
and Energy Efficiency in Pennsylvania	:	C-2026-3060448
Thomas J. Nagies	:	C-2026-3060116
Mustafa Kirisci	:	C-2026-3060190
Daniel J. Luce II	:	C-2026-3060290
Rik Bhattacharyya	:	C-2026-3060305
Josh Durham	:	C-2026-3060434
Serafima Zhuravska	:	C-2026-3060439
Roberta Zeek	:	C-2026-3060442
Cassandra Price	:	C-2026-3060450
Nathan Bahn	:	C-2026-3060451
Robert L. Spradley, Jr.	:	C-2026-3060452
Joseph Kohler	:	C-2026-3060526
Brian Dugas	:	C-2026-3060745
Kevin Clinebell	:	C-2026-3061011
Shannon Brown	:	C-2026-3060947
David E. Gundrum	:	C-2026-3061018
Carl E. Reichart	:	C-2026-3061125
Mary E. Hibbard	:	C-2026-3061794
Barbara Dunn	:	C-2026-3061385
William Davis	:	C-2026-3061439
Merle Ward	:	C-2026-3062680
Roxann E. Curran	:	C-2026-3061856
	:	
v.	:	
	:	
UGI Utilities, Inc. – Gas Division	:	

UGI UTILITIES, INC. – GAS DIVISION

STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES

Date: July 6, 2026

Appendix G

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I. INTRODUCTION

UGI Utilities, Inc. – Gas Division ("UGI Gas" or the "Company") hereby submits this Statement in Support of the Joint Petition for Approval of Settlement of All Issues ("Settlement") entered into by UGI Gas, the Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Retail Energy Supply Association ("RESA") (collectively, "Joint Petitioners").[1] The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), an active party to this proceeding, has indicated that it does not oppose the Settlement. The Settlement represents a full resolution of all issues raised in the instant proceeding.

The Joint Petitioners unanimously agree that UGI Gas's January 28, 2026, natural gas distribution base rate increase filing ("2026 Base Rate Case") should be approved, subject to the terms and conditions of the Settlement. The Settlement provides for increases in rates, as set forth in the *pro forma* tariff supplement attached hereto as **Appendix A** and the proof of revenues attached hereto as **Appendix B**, designed to produce a net increase in annual distribution operating revenues of $65 million, based upon a Fully Projected Future Test Year ending September 30, 2027 (the "FPFTY").

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners, who represent a broad array of residential, commercial, and other customer interests. UGI Gas submits that the Settlement is in the public interest, produces just and reasonable rates, and is supported by substantial evidence.

[1] Twenty-one individuals filed *pro se* formal complaints opposing the proposed rate increase. None were active parties to the proceeding. A complete copy of the Settlement is being served on all formal complainants.

For these reasons, and as explained in further detail below, UGI Gas respectfully requests that Administrative Law Judge F. Joseph Brady ("ALJ Brady") and Administrative Law Judge Alphonso Arnold III ("ALJ Arnold") (collectively, "ALJs") and the Commission approve the Settlement without modification.

II. STANDARD FOR APPROVAL OF SETTLEMENT

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231; *see also Pa. PUC, et al. v. PPL Electric Utilities Corp.*, Docket Nos. R-2025-3057164, *et al.* (Opinion and Order entered June 11, 2026) ("*PPL 2025 RC Order*"), at p. 16 ("The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding."); *See* 52 Pa. Code § 69.401. Settlements reduce the time and expense that parties must expend litigating a case and, at the same time, conserve administrative resources. Indeed, the Commission recently reiterated that "[a] settlement, whether whole or partial, benefits not only the named parties directly, but, indirectly, all customers of the public utility involved in the case." *PPL 2025 RC Order*, at p. 16.

The Commission has explained that parties to settled cases are afforded flexibility in reaching amicable resolutions, so long as the settlement is in the public interest. *Pa. PUC v. MXenergy Electric Inc.*, Docket No. M-2012-2201861, 2013 Pa. PUC LEXIS 789, 310 P.U.R.4th 58 (Order entered Dec. 5, 2013). To approve a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. PUC v. Windstream Pa., LLC*, Docket No. M-2012-2227108, 2012 Pa. PUC LEXIS 1535 (Opinion and Order entered Sept. 27, 2012); *Pa. PUC v. C.S. Water & Sewer Assocs.*, Docket No. R-881147, 74 Pa. PUC 767 (Order entered July 22, 1991). The Commission makes this determination by analyzing the record evidence presented in a given proceeding and determining whether the signatory parties to a

settlement have jointly carried "the burden of proof to show that the terms and conditions of the Settlement are in the public interest." *PPL 2025 RC Order*¸ at p. 17.

Finally, as a part of this specific proceeding, both Chairman Stephen F. DeFrank[2] and Vice Chair Kimberly Barrow[3] issued statements on February 19, 2026, wherein they requested that certain matters be addressed during the course of this proceeding. The Chairman specifically requested that:

> 1. Any settlement should identify the total average bill for UGI's residential, commercial, and industrial customers;
>
> 2. Any settlement should identify the exact percentage of rate increase that UGI's residential, commercial, and industrial customers will experience under the settlement rates compared to existing rates; and
>
> 3. The Recommend Decision should include the settlement rate impact information identified above.

(Chairman's Statement, at 1.) The Vice Chair stated:

> I urge the parties to take a critical look at the Company's requested rate of return and return on equity (ROE) as well as the capital structure (common equity ratio and debt capital) to ensure reasonableness. Deviations in each of these items translate into millions of dollars charged to customers of all rate classes. Too often, the relationship between debt and ROE to cost of debt and capital is asserted as a general matter from basic economic principle alone. But, those relationships are not established empirically. That empirical relationship must periodically be re-established. Therefore, I believe a careful and detailed review of UGI's claimed capital structure and ROE is warranted.

(Vice Chair's Statement, at 1.)

[2] Chairman DeFrank's February 19, 2026 Statement (hereinafter, "Chairman's Statement") is available at: https://www.puc.pa.gov/pcdocs/1914675.pdf.

[3] Vice Chair Barrow's February 19, 2026 Statement (hereinafter, "Vice Chair's Statement) is available at: https://www.puc.pa.gov/pcdocs/1914719.pdf.

The ALJs directed that the parties address these matters as a part of the Settlement submitted in this proceeding. These issues are addressed in Section IV of the Settlement as well as Appendices C and D, and in Section IV of this Statement in Support.

As explained in the next section of this Statement in Support, the Settlement is just and reasonable and in the public interest, and includes all the information necessary for the ALJs and the Commission to make these findings and determinations. Therefore, the Settlement should be approved without modification.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. GENERAL

The Joint Petitioners agree that the Settlement is in the public interest. (Settlement ¶30, Settlement Section IV.) The Settlement was achieved only after a comprehensive investigation of UGI Gas's proposals set forth in its 2026 Base Rate Case. UGI Gas responded to over 650 formal discovery requests, many of which included multiple subparts, as well as informal discovery. The active parties submitted several rounds of written testimony, including UGI Gas's direct testimony, other parties' direct testimony, rebuttal testimony, surrebuttal testimony, and rejoinder testimony. The ALJs held a multi-day hearing in this matter where witnesses were subject to cross examination. Further, the parties engaged in numerous settlement discussions and formal negotiations, which ultimately led to the Settlement.

The Joint Petitioners undertook a significant effort to reach a full settlement of all issues. The Joint Petitioners each had to compromise on many different and competing issues and proposals raised in this case. In some instances, and in exchange for reaching an agreement on other issues, the Joint Petitioners collectively agreed to accept or reject a certain party's litigation position or to meet somewhere in between competing litigation positions. As such, when

determining whether the Settlement is reasonable and in the public interest, the Commission should view the Settlement as a whole rather than focusing on individual terms and conditions.

As noted previously, the Settlement reflects a carefully balanced compromise of the competing and broad array of interests of the Joint Petitioners in this proceeding. The Joint Petitioners, their counsel, and their expert consultants have considerable experience in base rate proceedings. Their knowledge, experience, and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong foundation upon which to build a consensus in this proceeding. The fact that the Settlement is supported by parties representing a diversity of constituents and interests, in and of itself, provides substantial evidence that the Settlement is reasonable and in the public interest, particularly given the active role of the parties in this proceeding. The detailed terms of the Settlement provide comprehensive benefits to customers as detailed herein, while continuing to ensure provision of safe, reliable and affordable service.

The Joint Petitioners have agreed that UGI Gas's natural gas distribution base rate increase filing should be approved, including those tariff changes included in and specifically identified in **Appendix A**, subject to the terms and conditions of the Settlement. (Settlement ¶ 34.) Thus, the terms and conditions of the Settlement, as detailed and supported in the following sections, should be approved without modification.

B. REVENUE REQUIREMENT

UGI Gas will submit a revised tariff supplement that will permit UGI Gas to increase annual distribution rate revenue by $65 million, accomplished over two steps. (Settlement ¶ 35.) In the first step, the increase effective October 1, 2026, or upon one day's notice of the Commission's order in this proceeding, shall be $40 million. (Settlement ¶ 35(a).) In the second step, the increase effective October 1, 2027, shall be $25 million. (Settlement ¶ 35(b).)

Further, under the Settlement, the Company shall not file a Section 1308(d) general rate increase on or before January 15, 2029, provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies, legislative actions at the state or federal level, or state or federal tax policies affecting the Company's rates. (Settlement ¶36.)

The agreed upon revenue requirement is a "black box" settlement, with certain exceptions discussed below.

In a "black box" settlement, parties do not specifically identify or resolve individual rate base, revenue, expenses, and rate of return issues. This "black box" concept often facilitates settlement agreements because it permits parties to retain their positions on important ratemaking issues for the proceeding at hand as well as for future proceedings. The Commission has recognized that black box settlements serve an important purpose in reaching consensus in base rate cases. *See, e.g.*, *PPL 2025 RC Order*, at p. 16; *Pa. PUC, et al. v. Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.*, Docket Nos. R-2024-3047822, et al., 2025 Pa. PUC LEXIS 45, at *15-16 (Opinion and Order entered Feb. 7, 2025); *Pa. PUC, et al. v. Aqua Pennsylvania, Inc.*, Docket No. R-2011-2267958 (Order entered June 7, 2012), at pp. 26-27; *Pa. PUC v. Peoples TWP LLC*, Docket No. R-2013-2355886 (Order entered Dec. 19, 2013), at pp. 27-28; Statement of Chairman Robert F. Powelson, *Implementation of Act 11 of 2012*, Docket No. M-2012-2293611 (Public Meeting, Aug. 2, 2012).

In addition, parties are not required to abandon or reverse their position on certain issues—unless specified outside of the black box—which could impact their positions in later cases. Under a "black box" settlement, it is not necessary for the ALJs to decide individual rate base or revenue

and expense adjustments proposed by the parties or determine the return on equity under the Settlement in order to ascertain the reasonableness of the proposed revenue increase provided in the Settlement.[4]

The settled revenue increase is essential to UGI Gas's (1) ability to attract capital on reasonable terms; (2) extensive efforts to grow and maintain a safe and reliable distribution system; and (3) ongoing administration of quality customer service results. (UGI Gas St. No. 1 at 6.) The Company's current rates do not provide it with a reasonable opportunity to earn a fair rate of return on its investments made to serve the public in the provision of safe and reliable natural gas distribution service. (UGI Gas St. No. 1 at 6-7.) Absent rate relief, UGI Gas projected that its operations at current rates would produce an overall return on rate base of just 6.55%, which equates to a return on common equity of only 7.70%, for the twelve months ending September 30, 2027. (UGI Gas St. No. 1 at 6.) Those returns are not adequate based upon the applicable financial analyses and the risks confronted by the Company, as detailed by UGI Gas witness Dylan W. D'Ascendis. (UGI Gas St. No. 1 at 6.) Unless the Company receives the rate relief set forth in the Settlement, its returns will continue declining, denying the Company an opportunity to earn a fair and reasonable rate of return, and jeopardize the Company's ability to attract the capital needed to make the system investments necessary to support and ensure continued system reliability, safety, and customer service performance. (UGI Gas St. No. 1 at 6-7.)

In this proceeding, UGI Gas, I&E, and OCA presented testimony on the overall recommended revenue requirement. In its initial filing, UGI Gas proposed a revenue increase of $99.368 million (UGI Gas St. No. 1 at 5), which included a proposed return on equity of 10.75%

[4] UGI Gas notes, however, that the parties have provided information regarding the parties' evidence, consideration, and analyses of capital structure and return on equity issues to address the request that the parties critically examine such evidence in the Vice Chair's Statement in this matter. *See* Settlement, Section IV and Appendix D; *see also* Section IV, *infra*.

and a capital structure of 54.25% common equity and 45.75% long-term debt (UGI Gas St. No. 8 at 3; *see also* UGI Gas Rebuttal Exhibit B, Schedule DWD-1R, page 1 of 36).

By comparison, I&E initially recommended a revenue requirement increase of approximately $53. 385 million (I&E St. No. 1 at 4) with a return on equity ("ROE") of 9.81% and the use of UGI Gas's capital structure (I&E St. No. 2 at 7) in its direct testimony. Subsequently, in I&E's surrebuttal testimony, I&E updated its recommended revenue requirement to a revenue increase of $56.706 million. (I&E St. No. 1-SR at 4.) The OCA initially recommended a revenue requirement of $1,218,849,000 (OCA St. 2; Schedule JLR-1), based on a hypothetical capital structure of 51% debt and 49% equity, and a return on equity of 8.8% (OCA St. 3 at 7); alternatively, OCA recommended a return on equity of 8.5% if the Company's proposed capital structure was used (OCA St. 3 at 3.) In its surrebuttal testimony, the OCA updated its recommended revenue requirement to $1,220,308000 (OCA St. 2SR; Surrebuttal Schedule JLR-1.)

In rejoinder testimony, the Company voluntarily withdrew additional aspects of its claim, and further revised its claim to narrow the issues disputed between the parties, resulting in a revenue requirement increase of $91.438 million, which continued to utilize the Company's proposed capital structure and ROE of 10.75%. (UGI Gas St. No. 2-RJ at 2-3; UGI Gas Exhibit A – Fully Projected (REJOINDER).)

The Commission has previously outlined the principles it uses to assess whether a settlement meets the public interest standard:

> The purpose of this investigation is to establish rates for Aqua customers which are "just and reasonable" pursuant to Section 1301 of the Public Utility Code (Code), 66 Pa. C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Pennsylvania Gas and Water Co. v. Pennsylvania*

> *Pub. Util. Comm'n*, 341 A.2d 239 (Pa. Cmwlth. 1975). In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield Water Works and Improvement Co. v. Public Service Comm'n of West Virginia*, 262 U.S. 679 (1923) and *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:
>
> > A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.
>
> *Bluefield*, 262 U.S. 679 at 692-3.

Pa. PUC, et al. v. Aqua Pennsylvania, Inc., Docket Nos. R-2009-2132019, et al., 2010 Pa. PUC LEXIS 1808, at *22-24 (Opinion and Order entered June 16, 2010).

The Supreme Court of Pennsylvania has further held:

> the power to fix "just and reasonable" rates imports a flexibility in the exercise of a complicated regulatory function by a specialized decision-making body and that the term "just and reasonable" was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.

Pa. PUC v. Pa. Gas and Water Co., 424 A.2d 1213, 1219 (Pa. 1980). Indeed, neither the Public Utility Code nor principles of due process require the Commission to adhere to a defined formula

or methodology to determine just and reasonable utility rates. *See Duquesne Light Co v. Barasch*, 488 U.S. 299, 315-16 (1989) (*quoting FPC v. Hope Natural Gas* and stating "the Commission was not bound to the use of any single formula or combination of formulae in determining rates").

One of the long-standing ways to identify that a base rate outcome is within an acceptable range of reasonableness for rates is through the settlement process. During this process, parties with differing interests engage in an adversarial process to evaluate and scrutinize the evidence supporting a rate request, and based upon robust discussions and negotiations, agree to a reasonable overall result.

Applying the overarching ratemaking principles discussed above and the standards used by the Commission to assess settlements, the revenue requirement provided for in this Settlement is reasonable, in the public interest and should be approved. As previously explained, UGI Gas provided substantial evidence to justify its proposed revenue requirement increase in this proceeding. (*See generally* UGI Gas St. Nos. 1, 2, 8, 2-R, 8-R, and 15-R.) Through extensive negotiations, the Joint Petitioners were able to reach a compromise within a range of their competing litigation positions. In addition to stating the overall annual revenue requirement increase that the Settlement will produce, the Settlement also contains other provisions that must be considered in assessing its reasonableness and the public interest. Indeed, there are a number of provisions addressing specific accounting measures that impacted how the overall, annual revenue requirement increase was achieved, as well as specific revenue allocation and rate design provisions that will mitigate the impacts of the rate increase on ratepayers, among other provisions impacting the Company's service and operations. Furthermore, the overall annual $65 million two-step increase falls within the range of the parties' overall revenue requirement proposals. Further, that the increase will be implemented in two steps over the course of two years allows for

a more gradual increase in rates, which benefits customers who are impacted by the increase. Similarly, the stay-out provision in the Settlement gives a measure of certainty regarding rates that could only be achieved through Settlement. The stay-out provision is a meaningful concession by UGI Gas, because all parties taking a position on the issue agreed that the likely pace of base rate cases for the Company, as reflected in the rate case normalization period, is less than two years. The benefits of the stay-out need to be specifically weighed in the overall consideration of the revenue increase achieved in this proceeding, as it means this increase must sustain UGI Gas through FY2029.

The Settlement increase is just and reasonable, is in the public interest, and is supported by substantial evidence. Thus, the Commission should approve the overall "black box" Settlement, including a $65 million revenue increase, that will be achieved in two steps in order to further mitigate the impact of the rate increase on customers by implementing an amount lower than what was requested by the Company over the two year time period, without modification.

C. REVENUE ALLOCATION AND RATE DESIGN

1. Revenue Allocation

UGI Gas relied upon a class cost of service study to allocate its proposed total revenue and costs to each of the retail customer classes. (UGI Gas St. No. 11 at 2-18, 23-32; UGI Gas Exh. D.) UGI Gas, OCA and OSBA presented evidence regarding revenue and cost allocation. (*See* UGI Gas St. Nos. 11, 11-R, and 11-RJ; OCA Sts. 1 and 1SR; OSBA St. No. 1). While UGI Gas and OSBA took similar positions with respect to revenue allocation,[5] OCA opposed the Company's proposed revenue allocation based upon the cost of service methodology utilized and

[5] OSBA identified no concerns with the Company's allocated cost of service study ("ACOSS") but disagreed with decreases assigned to the Rate XD and Rate IS classes and also noted that Rate N and Rate DS should be adjusted accordingly to reflect any alternative allocation. (OSBA St. No. 1 at 10-13.)

recommended the use of a Peak and Average ("P&A") cost allocation methodology rather than the Average and Excess ("A&E") methodology utilized by the Company. (*See, e.g.*, UGI Gas St. No. 11 at 12-16; OCA St. 1, at 54).

Ultimately, the Joint Petitioners were able to reach a full settlement that allocated the revenue in a manner that will move all classes closer to the cost of service. (Settlement ¶ 39; *see also* Appendix B.) The rate impact of the settled revenue allocation is set forth in Appendix C to the Settlement and can be derived from the Proof of Revenues included as Appendix B to the Settlement.

UGI Gas believes that the revenue allocation in the Settlement is fully consistent with the Commonwealth Court's decision in *Lloyd*[6] and prior Appellate Court precedent regarding revenue allocation. In addition, in considering the *Lloyd* decision, it is important to recognize that *Lloyd* did not overturn prior judicial precedent regarding revenue allocation and the applicability of cost of service studies. When allocating revenues to the rate classes, the Commission is not required to adopt a single cost of service study or strictly allocate revenues according to the study's results. In *Executone of Philadelphia, Inc. v. Pa. PUC*, 415 A.2d 445, 448 (Pa. Cmwlth. 1980), the Court stated as follows, quoting the Commission's opinion:

> [T]here is no single correct cost study or methodology that can be used to answer all questions pertaining to costs; there are only appropriate and inappropriate cost analyses depending upon the type of service under study and the management and regulatory decision in question.

Likewise, in *Peoples Natural Gas Co. v. Pa. PUC*, 409 A.2d 446, 456 (Pa. Cmwlth. 1979), the Court stated as follows with respect to rate design:

> . . . there is no set formula for determining proper ratios among the rates of different customer classes. What is reasonable under the

[6] *See Lloyd v. Pa. PUC*, 904 A.2d 1010 (Pa. Cmwlth. 2006) ("*Lloyd*"), *allocatur denied*, 916 A.2d 1104 (Pa. 2007).

> circumstances, the proper difference among rate classes, is an administrative question for the commission to decide. This court's scope of review is limited.

(Internal citation omitted).

As *Lloyd* and the other cases cited above demonstrate, the Commission retains considerable discretion in designing rates, is not required to follow any particular cost of service study, and can consider other factors, including gradualism and extenuating economic circumstances, in designing just and reasonable rates, as long as cost of service is the primary guiding factor. The agreed-upon revenue allocation in the Settlement of UGI Gas's 2026 Base Rate Case provides movement of the rate classes toward their costs of service. As such, UGI Gas submits that the Settlement's proposed revenue allocation is fully consistent with the *Lloyd* decision and other relevant precedent regarding revenue allocation.

2. Rate Design

The primary objective of the Company's proposed rate design was to develop rate schedules that would produce the requested revenues when applied to forecasted conditions for the Fully Projected Future Test Year ("FPFTY") ending September 30, 2027. Under the comprehensive Settlement, billing determinants will be set per UGI Gas Exhibit E – Proof of Revenue, and inclusive of the detailed adjustments identified in UGI Gas Exhibit SAE-1R. (Settlement ¶37.) As discussed in the Company's direct testimony, pursuant to the Commission-approved settlement agreement at Docket No. R-2024-3052716, it evaluated the use of a ten-year historical period and determined that a ten-year historical average of heating degree days ("HDDs") ending December 31, 2024, is an appropriate basis for both base-rate billing determinants and Weather Normalization Adjustment ("WNA") calculations. (UGI Gas St. No. 11 at 24.)

I&E raised concerns that the Company had understated projected usage per customer for Rate R/RT heating customers and recommended that the average usage per Rate R/RT heating customer that is used to determine revenue be determined consistently with the end of the FPFTY. (I&E St. No. 3 at 7-14.) While the Company did not agree with the basis for these adjustments and reserved the right to propose similar use per customer determinations in the future, it accepted the adjustment. (UGI Gas St. No. 10-R at 2.)

OCA opposed the Company's proposed increase in residential and commercial customer charges, noting that they were subject to an increase of 8.3% in the Commission approved settlement in the prior rate case at Docket No. R-2024-3052716. (OCA St. 1 at 6.) OCA also claimed that these charges would burden low-use customers with a "greater than average portion of any proposed increase in the case." (*Id*.) CAUSE-PA recommended that fixed customer charges not be increased unless the WNA continued. (CAUSE-PA St. No. 1 at 54-55.) OSBA disagreed that rate decreases be assigned to Rate XD and Rate IS classes, as these customers are subject to negotiated rates. (OSBA St. No. 1 at 12.) OSBA recommended applying the increases to Rate DS or Rate LFD, or both as these have revenue to cost ratios above 1.0. (*Id*.) In rebuttal, UGI Gas rejected the alternative revenue apportionment proposals presented by the other parties. (UGI Gas St. No. 11-R at 6-7.)

In the Settlement, the parties reached a reasonable compromise of their respective positions on the proposed increases to the monthly customer charges. The monthly customer charges will be those proposed by the Company, with the exception of Rate R/RT, which will be $19.00 effective on the date specified in Paragraph 35(a) of the Settlement and $20.00 effective on the date specified in Paragraph 35(b) of the Settlement. (Settlement ¶38.) Pursuant to the Settlement, the overall rate design reflects a gradual increase in rates that is consistent with the two-step

revenue requirement increase reflected in the Settlement, moves all customer classes toward the overall cost of service, and strikes a reasonable balance between the interests of customers and the Company.

Thus, the overall rate design reflects a gradual increase in rates that is further mitigated by the fact that the rate design is premised upon a two-step rate increase that defers a portion of the proposed revenue increase, moves all customer classes toward the overall cost of service, and strikes a reasonable balance between the interests of customers and the Company. For these reasons, the revenue allocation and rate design are just, reasonable, and in the public interest and therefore, should be approved without modification.

D. WEATHER NORMALIZATION ADJUSTMENT PILOT

UGI Gas's WNA mechanism adjusts the usage in customer bills based on deviations from normal weather, as measured by HDDs, by comparing actual HDDs ("AHDDs") to normal HDDs ("NHDDs") based on a 15-year weather normalization. (UGI Gas St. No. 11 at 35.) The WNA includes a 3% "deadband," which means that no adjustment is made to the customer's bill unless the actual weather deviates more than 3% from normal weather. (*Id.*) The WNA applies only to Residential (excluding CAP) customers and Small Commercial customers. (*See id.)* The WNA mechanism is necessary for the Company's rate structure. (*See id* at 35-36.) The Company's "current rate design recovers significant fixed costs through volumetric charges," with approximately 72% and 81% of base rate distribution revenues for Rate R and Rate N recovered through the volumetric distribution charges, respectively. (*Id.* at 35-37.) Therefore, UGI Gas can under-recover its Commission-approved revenue requirement in warm winters and over-recover in cold winters. (*Id.* at p. 35; *see also id.* at 36-37.) By stabilizing the swings in rate recovery, the WNA provides the Company with "a reasonable opportunity to recover its authorized revenue

requirement while protecting customers from additional charges in colder than normal winters." (*Id.* at 35-36).

In this proceeding, UGI Gas proposed two modifications to its Commission-approved WNA. First, the Company proposed to extend the WNA for an additional five years after its current expiration set for October 2027. (*See* UGI Gas St. No. 11 at 32). The Company made this request pursuant to the Commission-approved Settlements in UGI Gas's 2022 and 2025 Rate Cases at Docket Nos. R-2021-3030218, et. al. and R-2024-3052716, et al. Second, UGI Gas proposed to modify the normal weather analysis supporting the WNA calculation, going from a 15-year normalization to a 10-year normalization. (*See id.* at 32-33.)

In support of these proposed modifications, UGI Gas presented the expert testimony of John D. Taylor, the Managing Partner of Atrium Economics, LLC. (*See, e.g.*, UGI Gas St. No. 11 at 32-40.) Mr. Taylor responded to each of the Commission's factors for evaluating alternative ratemaking mechanisms set forth in 52 Pa. Code § 69.3302 to support the WNA. (*See* UGI Gas Exhibit JDT-4.) Mr. Taylor also noted how the Commission recently approved the continuation of Columbia Gas of Pennsylvania's ("Columbia") WNA mechanism because it would allow Columbia "a reasonable opportunity to earn up to its Commission-authorized revenue requirement." (*Id.* at 32 (citation omitted).) Moreover, UGI Gas witness Taylor testified that the "use of a ten-year historical average serves a consistent and complementary role in both base-rate development and WNA operation," given that "[b]ase rates are established using billing determinants normalized to the same ten-year weather baseline against which actual weather will later be compared under the WNA." (*Id.* at 33.) By "[m]aintaining this consistency," the Company "ensures that the WNA functions as intended by adjusting revenues solely for deviations between actual weather and the normalized weather assumptions embedded in rates." (*Id.*) Mr. Taylor also

explained that "[t]his improved alignment is expected to reduce the magnitude of WNA surcharges or credits over time, while preserving the WNA's role in addressing unavoidable weather variability." (*Id.* at 34.)

The beneficial impact of the 10-year normalization was incontrovertibly proven in Mr. Taylor's rebuttal testimony. (*See* UGI Gas St. No. 11-R at 32-34.) In Table 2, he showed that the current 15-year normalization used by the WNA has resulted in net collections of approximately $63.44 million from November 2022 through March 2026. (*See id.* at 33-34.) However, had a 10-year normalization been utilized during that timeframe, the WNA would have produced net collections of only approximately $130,000. (*See id.*) That is a reduction of approximately $63.31 million in the collections over that period. (*See id.*) Thus, the WNA, as modified by UGI Gas's proposed switch to the 10-year normalization, is fully expected to better balance the dollar amounts of the WNA's collections and credits over time.

Despite these proposed adjustments to the WNA, certain parties in this proceeding opposed the Company's WNA proposal or various aspects of it. Specifically, OCA recommended that the Commission reject the WNA's continuation entirely or, at a minimum, modify the WNA to increase the deadband from 3% to 5% and eliminate the month of October from the WNA period. (*See* OCA St. 1 at 4-5.) OCA also proposed that the "WNA communications with customers be reformed to include a historical presentation of incremental charges and credits as recommended by Ms. Alexander." (I*d.* at 5.) OCA also objected to the Company's proposal to continue coupling the WNA with an increased residential customer charge, arguing that the combination further insulates the Company from normal volumetric sales risk. (OCA St. 1 at 35-39.) Meanwhile, OSBA recommended that the Commission extend the WNA for no more than 2 years and then require the Company to "provide the Commission with a comprehensive evaluation" of various

items at the conclusion of that pilot period. (OSBA St. No. 1 at 17.) CAUSE-PA argued that the WNA is unjust and unreasonable, is disproportionately harmful to low-income customers, and should be permitted to expire at the end of the current pilot term rather than be renewed. (*See* CAUSE-PA St. No. 1 at 57-63.) However, if the WNA were to continue, CAUSE-PA recommended that: (1) the switch to the 10-year normalization be approved; (2) the WNA pilot should be extended for no more than 3 years; (3) the WNA period should be limited to December through March; (4) WNA billed revenue should be excluded from the revenue upon which the DSIC is assessed; (5) the deadband should be increased from 3% to 5%; and (6) the WNA should be applied on a per class basis, reconciled annually, and surcharged over the full 12 months of the subsequent year rather than on a per customer basis due to CAUSE-PA witness Cicero's concerns about the alleged "impact the WNA has on low income households' monthly ability to afford service." (*Id.* at 65-67.) Last, I&E did not oppose extending the WNA but recommended increasing the deadband from 3% to 5%. (*See* I&E St. No. 3 at 15-16.)

Nevertheless, UGI Gas made significant concessions during the course of this proceeding with respect to its WNA Pilot in order to attempt to resolve the concerns raised by the other parties. The Settlement fully resolves issues related to the WNA Pilot, providing for a new WNA pilot, i.e., the "Second WNA Pilot". The Second WNA Pilot will commence on November 1, 2027, and run through the date of entry of an order in the Company's next base rate proceeding. (Settlement ¶ 40.) For the Second WNA Pilot, the parties agree that UGI Gas will continue the use of its existing WNA methodology, yet implement the use of a 5% deadband and remove October from the applicable WNA period. (Settlement ¶ 41.) As in the existing Pilot, the WNA will not apply to customers enrolled in the Company's Customer Assistance Program ("CAP"). (Settlement ¶ 41(b).) The WNA will use the HDDs produced by the 10-year normal weather used to

determine the Company's base rates and the actual experienced HDDs for the period from November 1 through April 30. (Settlement ¶ 41(a).) In the Settlement, UGI Gas agrees to file for renewal, revision, extension, or elimination of the Second WNA Pilot as a part of its next base rate case, and the parties reserve the right to challenge the same. (Settlement ¶ 42.) Regarding the existing WNA, the Company's WNA methodology in the proposed tariff in this proceeding (UGI Gas Exhibit F Proposed) will be approved and remain in effect through the billing month of April 2027. (Settlement ¶ 43.)

This Settlement appropriately balances the necessity of the WNA mechanism for the Company's rate recovery with concerns raised by the parties. While it allows UGI Gas to continue using this mechanism, it adopts the 5% deadband recommended by OCA, I&E, and CAUSE-PA. (OCA St. 1 at 4-5; I&E St. No. 3 at 15-16; CAUSE-PA St. No. 1 at 57-63.) Further, the use of the 10-year weather normalization addresses concerns raised by other parties about the WNA resulting in more charges than credits for customers. For example, OCA witness Deupree opposed the WNA because it allegedly "has failed to produce balanced outcomes for ratepayers" and has "function[ed] as an asymmetric surcharge on customers' bills . . . ." (OCA St. 1 at 4.) Similarly, CAUSE-PA witness Cicero criticized the WNA by claiming that "the WNA is far more likely to produce significant asymmetry and surcharge customers on net each year than it is that customers will see net credits." (CAUSE-PA St. No. 1 at 61.) However, Mr. Taylor established that if a 10-year normalization had been used instead of the 15-year normalization, the WNA would have produced net collections of only about $130,000 from November 2022 through March 2026, which equates to an approximate $63.31 million reduction in the collections over that period. (*See* UGI Gas St. No. 11-R at 33-34). The 10-year normalization, therefore, addresses the concerns raised by OCA and CAUSE-PA.

Further, allowing a Second WNA Pilot from November 1, 2027, through the date of entry of an order in the Company's next base rate proceeding is consistent with recent Commission precedent. In Columbia's 2025 Rate Case, the Commission acknowledged that Columbia's WNA "has been in place for ten years." (*Columbia 2025*, 2025 Pa. PUC LEXIS 395, at *186.) The Commission ultimately "authorize[d] Columbia to continue its WNA mechanism in the form of a pilot, as modified herein, until a final order is entered in the Company's next rate case filed after entry of this Opinion and Order." (*Id.* at *187-88.) UGI Gas should also be afforded the opportunity to operate its Second WNA Pilot for a sufficient number of years to collect data and evaluate the WNA's operation, particularly when the Company is shifting from the 15-year normalization to the 10-year normalization. (*See, e.g.*, UGI Gas St. No. 11, pp. 33-34.)

The Second WNA Pilot established by the Settlement balances the demands of the Company's rate structure with concerns about consumer charges, while allowing for the ongoing collection of data about the mechanism. In particular, it will allow for collection of data regarding the operation of this mechanism in light of the Company's use of 10-year normal weather. Moreover, these Settlement provisions allow the Second WNA Pilot to continue until the date of entry of an order in the Company's next base rate proceeding, allowing more time for the collection of data to evaluate the WNA mechanism, because the Joint Petitioners agreed to a stay out until January 15, 2029. Given that Paragraphs 40-43 of the Settlement provide a reasonable resolution of a highly contentious issue, align UGI Gas's WNA with recent Commission precedent, and strike an appropriate balance between the interests of UGI Gas, its ratepayers and the stakeholders to this proceeding, this provision of the Settlement should be approved without modification.

E. CUSTOMER ASSISTANCE / RELATIONS

The Company offers four programs under its Universal Service and Energy Conservation Plan ("USECP") that assist low-income customers: (1) CAP; (2) the Hardship Fund (i.e., Operation

Share); (3) the Low-Income Usage Reduction Program ("LIURP"); and (4) the Customer Assistance Referral and Evaluation Services ("CARES"). (UGI Gas St. No. 12 at 3-5.) UGI Gas did not propose any changes to its USECP or any of its Universal Service Programs ("USPs") as a part of the 2026 Base Rate Case, with the exception of an increase to Operation Share funding identified in UGI Gas St. No. 1.

The OCA and CAUSE-PA raised concerns regarding the Company's CAP, including concerns related to screening and identification of low-income customers (CAUSE-PA St. No. 1 at 72-73; OCA St. 6 at 51-58) and marketing of CAP. Several parties also raised affordability concerns, particularly concerns that external economic pressures are impacting customers' ability to afford utility bills. (*See, e.g.*¸ OCA St. 1 at 10-20; OCA St. 5 at 8-9; OCA St. 6 at 5-41; and OCA St. 7 at 4-9; CAUSE-PA St. No. 1 at 15-34; Tr. 118, 120-121, 128, 158.)

The Company recognizes the importance of balancing the incurrence of costs to provide safe and reliable service with maintaining affordable utility service for its customers. UGI Gas explained in detail how its focus on affordability is shown in how it operates and in the choices it affirmatively made in this case. Indeed:

- UGI Gas has managed its operating costs effectively over time such that these costs have increased at a pace lower than general inflation during the same period;
- This winter, the Company's use of WNA returned more than $27 million to customers in the form of bill credits;
- The Company has proposed to continue modifications to its WNA that will exclude low-income customers on the Company's Customer Assistance Program ("CAP"), and has made adjustments in this proceeding that are expected to make its operation more balanced over time;
- UGI Gas is seeking a return on equity in this proceeding that is below the mid-point of its peer group;

- The Company is not seeking a management effectiveness adjustment to its ROE in this case, despite providing evidence regarding the effectiveness of its management in its execution of safety related projects including achieving the removal of all known cast iron pipe, strong customer service performance, and the effective management of operating costs. Based on proposals in past cases for an incremental adjustment for management effectiveness, not including this adjustment reduced the Company's claim by more than $6 million;

- Over the past five years, UGI Gas has donated more than $4.35 million to Operation Share to support payment troubled customers, and has indicated in testimony in this proceeding that it will increase its annual donation up to $1 million for the next three years;

- The Company has proposed to expand the application of the Universal Service Plan ("USP") Rider to provide UGI Gas with the ability to negotiate contracts that include a contribution by Rate XD customers that would lower the cost of the USP Rider to residential customers while obtaining contributions from UGI Gas's largest industrial customers;

- The Company continues to evolve and expand programs targeted at supporting energy efficiency and affordability. In FY2025, UGI Gas's total support provided to payment troubled customers across its programs was approximately $31.9 million, excluding Operation Share;

(UGI Gas St. No. 15-R, at pp. 11-12.) These are in addition to the robust USPs already identified. Further, as noted by UGI Gas, while it takes affordability concerns faced by customers seriously, utility ratemaking is not a mechanism to resolve other economic problems. (UGI Gas St. No. 16-R at 5-6.) In spite of this, UGI took significant steps to address the concerns of the other parties in the Settlement, which are reflected in greater detail in Section E.1-E.12, *infra*. Given that these provisions provide a reasonable resolution of a complex issue and strike an appropriate balance between the interests of UGI Gas, its ratepayers and the stakeholders to this proceeding, these provisions of the Settlement should be approved without modification.

Pursuant to the Settlement, UGI Gas will also report on its compliance with the Universal Service and Customer Service provisions set forth in Paragraphs 44-55 of the Settlement, and the provisions set forth in the Commission-approved settlement at Docket No. R-2024-3052716, to the parties in these proceedings no later than October 1 of each year until it has completed all commitments. UGI Gas will also include information on each of these provisions and commitments in the next base rate case filing. (Settlement ¶ 56.)

1. Operation Share

CAUSE-PA raised concerns regarding Operation Share funding levels, recommending that the Company contribute funds over $1.5 million to account for hardship that might arise from the impact of a rate increase. (CAUSE-PA St. No. 1 at 77.) In rebuttal, the Company questioned this recommendation, as CAUSE-PA's witness had not discussed appropriate funding levels with any of the Company's community based organizations ("CBOs"). (UGI Gas St. No. 12-R at 18.)

Pursuant to the Settlement, UGI will make a one-time payment to Operation Share in the amount of $250,000, in addition to the $1,000,000 contribution discussed in the direct testimony of UGI Gas witness Hans Bell in UGI Gas St. No. 1. (Settlement ¶ 44.) After the $250,000 contribution is made, UGI Gas shall maintain no less than $1.5 million in total annual contributions (inclusive of the $1,000,000 identified in St. No. 1) until the effective date of rates in its next base rate case. (Settlement ¶ 44.) Further, the Company has agreed to provide an analysis in its next base rate case evaluating the impacts from the level of funding reflected in this Settlement. This provision is reasonable and should be approved without modification.

2. Social Security Numbers

Concerns were raised by OCA regarding the ongoing use of customer social security numbers given the rise in identity theft. (OCA St. 6 at 64-76.) The Company explained in rebuttal that customers are not required to provide social security numbers, and there are other options

available. (UGI Gas St. No. 13-R at 14-15.) The Company also expressed concerns with the recommendation, as it did not include an alternative proposal for verifying customers' identities. (*Id.* at 15.) As part of the Settlement, UGI Gas agrees to undertake a study that will identify the feasibility of ceasing the use of customer social security numbers, any associated policy/system changes required and the cost thereof, and the timeline for implementation. UGI Gas agrees to provide the results of the study to the parties to this proceeding on or before October 1, 2027. (Settlement ¶ 45.) This provision is reasonable and should be approved without modification, as it reflects a reasonable compromise of the parties' positions.

3. Cost Effective Growth

UGI Gas has also agreed to tariff changes to ensure cost effective growth. Pursuant to the Settlement, UGI Gas agreed to remove section 5.1(b)(1) from the UGI Gas Tariff:

> (1) Service location is directly accessible from an existing or proposed (non-high pressure) Company main that would be extended up to one hundred fifty (150) feet

The removal is intended to ensure that new customers are added to the distribution system in a manner that is cost effective by narrowing the criteria where UGI Gas must extend service without a customer contribution. This modification appropriately balances the interest of new customers that wish to connect to the system to obtain the benefits of gas service and existing customers that benefit from the cost-effective addition of new customers sharing system costs. (Settlement ¶ 46.) This provision is reasonable and should be approved without modification.

4. Expanded Arrearage Forgiveness Pilot Program

UGI Gas has committed to instating an Expanded Arrearage Forgiveness Pilot Program, as follows:[7]

a) Beginning on April 1, 2027, UGI Gas will implement an Expanded Arrearage Forgiveness Pilot Program that will remain in place through the effective date of rates established in its next base rate case. This program will be available to active customers with income levels of 151% to 300% Federal Poverty Income Guidelines ("FPIG"). UGI Gas will provide an eligible customer with the option of a 24-month payment plan on 50% of their current arrears. UGI Gas will require the customer to enroll in budget billing. Once enrolled, 50% of the arrears will be deferred (the "deferred balance"). For each in full payment that the customer makes on their budget bill plus their arrears payment arrangement amount, UGI Gas will forgive 1/24th of the customer's deferred balance. Forgiveness dollars will be fully recoverable through the Company's Rider F – Universal Service Program ("USP"). The parties agree that cost recovery for the expanded arrearage forgiveness program will be capped at a maximum of $0.90 on the average residential customer's monthly bill. Once the program reaches the cap, the Company will stop enrolling new customers in the Expanded Arrearage Forgiveness Pilot Program. The Company shall track the yearly balances and present a yearly accounting in the next base rate filing.

b) If a customer participating in the Expanded Arrearage Forgiveness Pilot Program defaults on their payment arrangement, they will be permitted to catch up all missed payments and earn forgiveness so long as they are a customer. UGI Gas will provide billing information consistent with the treatment of CAP customers that are past due, i.e., these customers will only see the past due amount on their arrangement/budget and not the total arrearage.

c) During the term of the Expanded Arrearage Forgiveness Pilot Program, a customer will only be able to participate in the pilot for one set of arrearages.

[7] The Company notes that, consistent with Settlement ¶ 47(a), the compliance tariff contemplated by Appendix A to the Settlement does not reflect language to implement the Expanded Arrearage Forgiveness Pilot at this time. UGI Gas intends to submit appropriate tariff language to implement the Expanded Arrearage Forgiveness Pilot Program approximately ten days prior to the effective date of the Pilot Program.

d) In its next base rate case, the Company will provide an analysis of the function of the Expanded Arrearage Forgiveness Pilot Program and propose whether it should continue or be terminated.

(Settlement ¶ 47.)

This Pilot Program will offer arrearage forgiveness to a group of customers that currently do not have that option available to them. UGI Gas currently offers arrearage forgiveness to customers below 150% of the FPIG through its CAP. The Pilot Program will expand that benefit to customers with incomes between 150% and 300% of FPIG. The Pilot Program incorporates cost protections for non-participating customers by applying a program cap of $0.90 on the average customer's monthly bill. The Company will collect data on the impact of this Pilot Program on factors such as the rates of successful completion and termination, and the impact on bad debt and will present a recommendation on the continuation of the Pilot Program in its next base rate case. This provision addresses affordability concerns raised by the parties, is reasonable, and should be approved without modification.

5. Website Information

UGI Gas has committed to including "OSBA and OCA's contact information and a description of their services on the Company's website. The Company will also include a link to the Pennsylvania Bar Association's free legal answers. The information should be included at a prominent location on the relevant customer service page of the website." (Settlement ¶ 48.) This provision enhances the information available to residential and small business customers regarding resources that are available to them to answer questions or concerns regarding their utility service. This provision is reasonable and should be approved without modification.

6. Victims of Domestic Violence

The Settlement provides that "UGI Gas will update protections for victims of domestic violence to also accept a written certification from a domestic violence counselor/advocate. This information will be treated as non-public and confidential information under the Company's confidentiality protocols for victims of domestic violence." (Settlement ¶ 49.) This provision further enhances UGI Gas's existing protections for victims of domestic violence, is reasonable and should be approved without modification.

7. Security Deposit Refunds

OCA and CAUSE-PA expressed concerns with UGI Gas's application of security deposit exemptions. OCA claimed that UGI Gas is substantially noncompliant with the Commission's deposit exemption for low-income customers and recommended that UGI Gas "be directed to accept ***any*** information beyond information on income and household size that would 'attest to' the household's eligibility for a state benefit that is consistent with CAP income requirements." (OCA St. 6 at 59-62.) OCA also recommended that UGI Gas "be directed to eliminate the requirement that a customer must apply for CAP in order to establish their eligibility for a deposit exemption." (*Id.* at 62.) CAUSE-PA recommended that "UGI [Gas] amend its tariff and all its internal processes so that customers who have been confirmed to be income eligible for CAP have their security deposit refunded to them regardless of whether they enroll in CAP or not." (CAUSE-PA St. No. 1 at 86.) UGI Gas clarified in its rebuttal that CAP enrollment is not a prerequisite to receiving a deposit exemption, but the CAP application is utilized to streamline the process and have a uniform verification process for customers. (UGI Gas St. No. 12-R at 26.)

The Settlement addresses these concerns by requiring that UGI Gas initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as "income verified low income" to the customer within 30 days. (Settlement ¶ 50.) Related to

this requirement, UGI Gas will amend Tariff Rule 3.3 (f) to change the words "and *become enrolled* in the Company's customer assistance programs" to "and *are confirmed to be eligible* for the Company's customer assistance programs". (Settlement ¶ 50(a).) This amendment is reflected in Appendix A to this Settlement. (Settlement ¶ 50(a).) UGI Gas will also modify its processes and procedures regarding the low-income exemption from deposits. UGI Gas will accept any information beyond information on income and household size that would "attest to" the household's eligibility for a state benefit that is consistent with CAP income requirements. (Settlement ¶ 50(b).) This Settlement provision is reasonable and should be approved without modification.

8. Low Income Screening

CAUSE-PA witness Cicero proposed increased screening for new and moving customers as well as existing customers on non-emergency calls and the development of a method to income screen through an online portal. (CAUSE-PA St. No. 1 at p. 73.) In rebuttal, the Company noted that it recently conducted a random survey of customers and found that only 31% of customers were willing to share their income, while 47% were not and 22% were not sure. (UGI Gas St. No. 12-R at p. 15.) Given concerns over customer participation, UGI Gas opposed this recommendation.

Pursuant to the comprehensive Settlement of all issues, however, UGI Gas will implement the following changes to its low-income screening protocols:

> UGI Gas will inform all new and moving customers that UGI Gas has reduced billed rates for income eligible households. UGI Gas will inquire whether these customers would like to provide their income to learn if they qualify. If a customer wants more information, UGI Gas will provide additional information on the program and eligibility.
>
> UGI Gas will ask all non-emergency callers at the outset of the call whether as part of the call they would like to hear information

> regarding customer programs that provide reduced billed rates for income eligible households.
>
> UGI Gas customers identified as low income through these regular screening processes will be offered an opportunity to enroll in the Company's CAP at that time and, if they are not able to be enrolled shall be referred for enrollment in CAP and other universal service programs – as well as the Low Income Home Energy Assistance Program ("LIHEAP").

(Settlement ¶ 51.)

Further, to clarify Paragraphs 59(b) and (c) of the Commission-approved Settlement at Docket No. R-2024-3052716, the Joint Petitioners agreed to add language to this Settlement to confirm that customers who have received a LIHEAP grant within the current or prior LIHEAP season and/or opted into LIHEAP data sharing are not required to provide income documentation for CAP, the LIURP, or Operation Share. (Settlement ¶ 57.) These provisions reasonably balance UGI Gas' concerns with those of the other parties. These provisions should be approved without modification.

9. Low Income Outreach and Assistance Pilot Program

A Low-Income Customer Assessment and Outreach Pilot was established as part of the Commission-approved Settlement at Docket No. R-2024-3052716. Pursuant to the Settlement in the instant case, the parties agree that UGI Gas will provide updates on the progress of its Low-Income Customer Assessment and Outreach Pilot at each of its Universal Service Advisory Committee ("USAC") meetings (i.e., between 2 to 4 times per year). (Settlement ¶ 52.) This provision is reasonable and should be approved without modification.

10. Field Conduct

OCA expressed concerns regarding the Company's training materials, particularly with regard to the training field technicians receive on consumer rights. (OCA St. 5 at 14-15.) In rebuttal, the Company expressed concern with treating field technicians as customer service

representatives and noted that customers are provided multiple notifications explaining their consumer rights, particularly as they impact potential service termination, prior to actual service termination. (UGI Gas St. No. 3 at 8-9.) In response to concerns raised by the OCA regarding field training, UGI Gas agreed to develop a new field training manual. This manual:

> . . . will [] set[] forth the conditions that would require its field employees to not proceed with termination under the Commission's regulations at 52 Pa. Code § 56.94(1). UGI Gas will submit a draft of this field training manual to its USAC within 90 days of the date of entry of a final order approving this Settlement.
>
> UGI Gas agrees that, beginning in the FPFTY, it will provide a dedicated reporting process for field workers to report customers identified as potentially being in distress or in need of assistance so that appropriate Company or community partners can conduct outreach. Beginning in the FPFTY and on an annual basis, UGI Gas will conduct mandatory training for all field employees to inform them of the program. The training will instruct employees on how to recognize observable indicators, including health concerns, confusion or disorientation, and unsafe home or equipment conditions, as well as the appropriate procedures for referring customers through the dedicated reporting process.

(Settlement ¶ 53.)

This provision is reasonable and should be approved without modification.

11. Targeted Customer Communications

Pursuant to the Settlement, the Company "will convene a collaborative of interested stakeholders, including the parties to this proceeding, to discuss the development of targeted customer communications regarding natural gas shopping within 60 days of the entry of an order approving the settlement. As part of the collaborative, UGI Gas will propose additional and/or more targeted customer communications to assist customers in ensuring affordability for basic natural gas service due to high natural gas supplier ("NGS") charges that appear on the customer bill that UGI Gas collects under threat of termination of service." (Settlement ¶ 54.) This provision is reasonable and should be approved without modification.

12. Customer Service

Concerns were also raised with variability in the Company's Call Center Performance. (OCA St. 5 at 12-13.) UGI Gas presented evidence in rebuttal indicating that that the performance has not changed meaningfully year-over year. (UGI Gas St. No. 13-R at 4-5.) As part of this Settlement, UGI Gas is committing to maintaining its call center performance at levels consistent with its average 2025-2026 (through May) performance as reported to the Commission during the effective years of the rates established by the Settlement. UGI Gas will meet with the parties to this proceeding at least annually to discuss areas of challenge and the Company's plans to address the challenges. (Settlement ¶ 55(a).) This commitment provides assurance that UGI Gas will maintain an appropriate quality of service to its customers while the rates established in this proceeding are in effect.

UGI Gas will report on internal performance and compliance-related performance indicators for its third-party call contractors in the meetings identified in Paragraph 55(a) of the Settlement and will include them in the direct testimony in its next base rate proceeding. (Settlement ¶ 55(b).) These provisions are reasonable and should be approved without modification.

F. DSIC/REPORTING

Regarding the Company's Distribution System Improvement Charge ("DSIC"), the Company will submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 4, 2027, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2025, through September 30, 2026. (Settlement ¶ 59.) An additional update for actuals from October 1, 2026, through September 30, 2027, shall be filed no later than January 3, 2028. (Settlement ¶ 60.)

The Settlement provides that, as of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in the DSIC at the later of (1) the end of the FPFTY or (2) once the total Utility Plant account balance exceeds $6,676,559,000, as projected by UGI Gas at September 30, 2027 per UGI Gas Exhibit A, Schedule C-1, line 1. (Settlement ¶ 58.) The Joint Petitioners agree that this provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a future base rate case filing. (Settlement ¶ 58.)

In addition, the Settlement provides that for purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities as updated each quarter consistent with any changes to the equity return rate for natural gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa.C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa.C.S. § 1358(b)(1). (Settlement ¶ 59.) This provision is reasonable and should be approved without modification.

G. ACCOUNTING

1. Environmental Cost Recovery

Consistent with the methodology the Company has used in past rate cases, UGI Gas utilized two adjustments to reconcile past Environmental Remediation expense rate recoveries with actual incurred costs and to recover a projected annual level of Environmental Remediation expense. (UGI Gas St. No. 5 at 16.) These costs are incurred in connection with UGI Gas's obligations under a Consent Order Agreement ("COA") with the Pennsylvania Department of Environmental Protection ("DEP"). (UGI Gas St. No. 5 at 17.)

The first of these adjustments provided the Company with normalized ratemaking recovery of ongoing annual cash expenditures primarily to remediate former manufactured gas plant

("MGP") sites in accordance with the COA, based upon the last three years of cash expenditures for remediation expense under the COA. (UGI Gas St. No. 5 at 17.)

The second of these adjustments shows the net under-recovery of the Company's MGP remediation expense incurred in past years and the planned amortization for this net under-recovery, which collects this amount from customers over a two-year period. (UGI Gas St. No. 5 at 18.) This two-year amortization period is consistent with the period approved in the settlement of the Company's prior rate case at Docket No. R-2024-3052716. (UGI Gas St. No. 5 at 18.)

The Settlement provides that the Company's proposed accounting treatment and recovery of certain environmental costs is approved as set forth in the direct testimony of UGI Gas witness Keller, UGI Gas Statement No. 5, pages 16 – 18. (Settlement ¶ 61.) This provision of the Settlement maintains previously approved adjustments related to environmental remediation expense from the Company's prior base rate cases and also provides for the recovery of certain amounts previously not charged to ratepayers. No party opposed the Company's proposals regarding accounting treatment and recovery of the identified environmental costs. Therefore, Paragraph 60 of the Settlement is reasonable, in the public interest and should be approved without modification.

2. ADIT/EDFIT

In the Settlement, the Joint Petitioners agree the Company's Accumulated Deferred Income Tax ("ADIT") and pro-rationing methodology as required by Treasury Regulation 1.167(l)-1(h)(6)(ii) is accepted. (Settlement ¶ 62); *see* 26 C.F.R. § 1.167(l). The Settlement also provides that the Company's method to amortize Excess Accumulated Deferred Federal Income Taxes ("EDFIT") according to the Average Rate Assumption Method ("ARAM") is accepted. (Settlement ¶ 62.) The Settlement provision reflects that the Company's claim is based on a FPFTY and ensures compliance with Internal Revenue Service ("IRS") normalization requirements. The

Settlement further provides that absent a change in federal or state law, regulation, judicial precedent or policy, the remaining unamortized EDFIT balance will continue as a reduction to rate base in all future base rate proceedings until the full amount is returned to ratepayers. (Settlement ¶ 62.)

In its filing, the Company calculated an FPFTY ending balance for federal ADIT and deducted this amount from rate base. (UGI Gas St. No. 9 at 6.) Company witness Espigh explained that the federal ADIT amount "reflects the difference in income tax expense for book and tax purposes attributable to the difference between the accelerated tax depreciation and straight-line book depreciation on test year plant balances, net of offsets associated with contributions in aid of construction." (*Id.*) In addition, as the state tax consequence of accelerated depreciation is flowed through, there is no associated state ADIT balance. (*Id.*) The Company also included a reduction to rate base associated with the unamortized EDFIT in its ADIT balance. (*Id.* at 7.) Finally, Company witness Espigh testified that the Company's calculation of its federal ADIT rate base deduction properly reflects the pro-rationing concept in accordance with Treasury Regulation 1.167(l)-1(h)(6)(ii) that it must follow for ratemaking purposes to comply with IRS normalization requirements. (*Id.*) None of the parties challenged UGI Gas's proposals regarding ADIT/EDFIT.

Therefore, this provision of the Settlement is reasonable, in the public interest and should be approved without modification.

3. Repairs Allowance

UGI Gas explained in its initial filing that in its tax return for the year ended September 30, 2009, UGI Gas adopted a tax accounting method to expense as repairs certain items capitalized for book purposes in accordance with federal tax regulations. (*Id.*) As it did in the Company's previous base rate case, UGI Gas chose to normalize its federal income tax expense claim, inclusive of the repairs tax deduction. (*Id.*) This difference between accelerated tax depreciation

versus book depreciation in the calculation of federal tax expense creates ADIT. (*Id*.at 7-8.) Therefore, the Company reduced its rate base by the sum of the federal ADIT balance and the state repair regulatory liability. (*Id*. at 8.)

Effective for tax year September 30, 2024, UGI Gas adopted the safe harbor method under IRS Revenue Procedure 2023-15 ("Rev. Proc. 2023-15") for purposes of determining the applicable repairs deduction for tax purposes. These results are the basis for the estimated repairs deductions used in this base rate case. The adoption of the new guidance only clarifies what expenditures qualify as tax deductions. There has been no change in the Company's accounting treatment of repair deductions. (*Id*.)

The Settlement states that, for purposes of determining the revenue requirement in this case, all capitalized repairs deductions claimed on a tax return have been normalized for ratemaking purposes, and the appropriate related amount of tax effect of those deductions has been reflected as ADIT and thereby reduced UGI Gas's rate base. (Settlement ¶ 63.) The Settlement continues the practice that UGI Gas has followed since its adoption of the current methodology used for calculating the repairs allowance. Normalization benefits customers by ensuring that they receive a fair portion of the benefit of the repairs allowance deduction through a rate base reduction, over the life of the plant giving rise to the deductions, regardless of when UGI Gas files a rate case. Moreover, normalizing the repairs allowance deduction provides an important source of cash flow to UGI Gas that can be used to support its large, related capital spending program and reduce outside borrowing.

4. Depreciation Rates

UGI Gas presented detailed depreciation studies on the Company's plant for the Historic Test Year ("HTY"), the Future Test Year ("FTY"), and the FPFTY. (*See* UGI Gas Exhibit C – Fully Projected, UGI Gas Exhibit C – Future, and UGI Gas Exhibit C – Historic.) The depreciation

studies were sponsored and supported by the direct testimony of UGI Gas witness Wiedmayer. (*See* UGI Gas St. No. 6.) UGI Gas presented its claim for depreciation expense and depreciation reserve based upon the same methods and procedures that have been in use for more than four decades. (UGI Gas St. No. 6-R at 4, 17.) OCA proposed a substantial change in those procedures. OCA proposed that the Company convert from the Equal Life Group ("ELG") procedure to the Average Life Group ("ALG"), also known as the Average Service Life ("ASL") procedure. (*See* OCA St. 4 at 22-30.) Based upon this proposed change, and adjustments to the service lives for plant accounts 375- Structures and Improvements, 376.1 – Mains, Primarily Steel, and 378 - Measuring and Regulating Equipment, General, OCA recommended a $20.8 million reduction to UGI Gas's depreciation expense in the FPFTY. (OCA St. 4 at 5-6.) Further, OCA proposed that the procedure change be implemented retroactively to 1982. (Tr. 662-666.) UGI Gas strongly opposed OCA's proposal. UGI Gas explained that the proposal improperly shifted costs properly charged to current customers to future customers. (UGI Gas St. No. 6-R at 19-21.) The parties continue to disagree regarding the proper depreciation method and reserve their rights to present positions in a future base rate case. (Settlement ¶ 64.)

In the Settlement, UGI Gas's as-filed depreciation and amortization rates will be used. (Settlement ¶ 64.) UGI Gas presented detailed depreciation studies on the Company's plant for the HTY, FTY, and FPFTY. (*See* UGI Gas Exhibit C – Fully Projected, UGI Gas Exhibit C – Future, and UGI Gas Exhibit C – Historic.) This provision is in the public interest and should be accepted, as it preserves the use of the Company's current and long-standing depreciation methodology.

5. Rate Case Expense

UGI Gas proposed to recover rate case expenses totaling $1.760 million as a part of its initial filing. (UGI Gas St. No. 2 at 12.) I&E recommended that the Company's rate case expense

be decreased by $880,000, based on the use of a two-year normalization period. (I&E St. 1 at 9-15.) OCA made the same recommendation. (OCA St. 2 at 7.) UGI Gas opposed these adjustments and explained that I&E's and OCA's proposed normalization periods were not reflective of the Company's anticipated rate case filing frequency, which was based upon its assessment of future capital requirements, continued information system improvements, and the cost of other improvements as detailed in the Company's Commission-approved third Long-Term Infrastructure Improvement Plan ("LTIIP"). (UGI Gas St. No. 2-R at 6.)

The Settlement provides that the Company's revenue increase reflects a three-year normalization for ratemaking purposes and a three-year amortization for accounting purposes. consistent with the period of time reflected in the stay-out provision (Settlement ¶ 65.) Further, the Settlement states that the Company will not claim any unamortized amount in a future rate case and agrees that normalization of rate case expense (as opposed to amortization) is the proper treatment for ratemaking purposes. (Settlement ¶ 65.) This provision is in the public interest and should be accepted without modification.

6. Information Technology ("IT") Capital Cost Treatment

Since 2016, the Company has capitalized certain IT costs associated with software implementation projects. (UGI Gas St. No. 4 at 9.) These IT costs consist of internal labor, external consulting expenses, and other expenses related to the preparation of the vendor and system integrator requests for proposals. (*Id.*) IT costs also include current-state assessments, reengineering business processes to adapt to the new system, data conversion, cleansing and migration (including field verification and digitization of asset attributes required for accurate data and facility capture), and implementation training costs. (*Id.*) Additionally, the Company capitalizes the above-mentioned cost items for cloud computing software implementation projects. (*Id.*) Further, beginning in 2019, the Company began capitalizing Hypercare costs associated with

large software implementation projects. (*Id.*) Hypercare is a term for post-implementation support following the deployment of an IT project to ensure that the newly implemented system operates as planned. (*Id.* at 9-10.) The Company continues to capitalize such costs in line with the authorizations received previously, and all such costs which are claimed in the current case are included within the Company's budgeted capital as laid out in Exhibit A (Future) and Exhibit A (Fully Projected). (*Id.* at 10.) No party opposed the Company's as-filed accounting treatment of certain IT costs.

The Joint Petitioners have agreed that, for purposes of the Settlement, UGI Gas's as-filed accounting treatment of certain IT costs is accepted as set forth in the direct testimony of UGI Gas witness Ressler, UGI Gas Statement No. 4, pages 9 - 10. (Settlement ¶ 66.)

This Settlement provision is in the public interest because it recognizes that the new databases will provide benefits to customers over extended periods of time and not just the period in which the costs are incurred. It also recognizes that post-implementation technical support is part of the necessary process to achieve the functionality anticipated from the new technology. This provision should be accepted without modification.

H. GAS SAFETY

1. Pipeline Restoration Costs

Regarding pipeline restoration costs, I&E raised concerns in its testimony addressing the cost increase associated with the Company's main replacement program and specifically, the increase in restoration costs from 2020-2025. (*See* I&E St. No. 4 at 11-12.) I&E witness Ritchie testified that UGI Gas has seen a "47% increase in restoration costs during the last six years" and that if the Company spent less on restoration, then more funds would be available for pipeline replacement. (*Id.* at 12-13.) The Company described what factors have led to an increase in restoration costs, as well as the many ways in which it seeks to reduce restoration costs and

indicated it will continue to look for opportunities to manage the impact of restoration costs on its pipeline replacement work. (UGI Gas St. No. 3-R at 3-5.)

In the Settlement, UGI Gas agreed to continue to produce a report for pipeline replacements, to be filed annually as part of its Annual Asset Optimization Plan ("AAOP") filing, identifying its ten most expensive restoration projects per year over the past three years, and specifically identifying costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. (Settlement ¶ 67.) The Company will discuss the results of the annual report on restoration costs with the Commission's Pipeline Safety Division. (Settlement ¶ 67.) The Company explained that it has applied many approaches to combat the rising cost of restoration. (UGI Gas St. No. 3-R at 3-5.) This Settlement provision is reasonable, in the public interest and should be approved without modification.

2. Methane Detectors

As discussed in the testimony of Company witness Walter, UGI Gas is piloting the use of in-home methane detection devices pursuant to the Commission-approved Settlement at Docket No. R-2024-3052716. (UGI Gas St. No. 3 at 19.) This initiative is designed to evaluate the effectiveness of commercially available methane detectors in providing early warning of potential gas leaks within customer homes. (*Id.*) UGI Gas is also testing cellular and Long Range Wide Area Network ("LoRaWAN"), remote communication as well as non-communication units. UGI Gas has deployed approximately100 units as of the end of CY2025. (*Id.*)

I&E recommended that the pilot program be increased to 3,000 Smart Remote Methane Detectors ("SRMDs") units during the pilot timeframe, with an emphasis on leak-prone and higher risk areas first, with the goal of ultimately expanding the program until every gas customer has an SRMD unit. (I&E St. No. 4 at 9.) I&E also proposed a detailed quarterly reporting requirement

on the program. (I*Id.* at 9-10.) UGI Gas opposed these recommendations, citing concerns about whether quarterly filing would be too frequent to reflect meaningful progress, and whether the SRMD technology, in its nascent state, would be appropriate for widespread deployment. (UGI Gas St. No. 3-R at 7-8.) UGI Gas's methane detector pilot is intended to assess performance, installation considerations, customer engagement, and the overall impact on safety outcomes. (UGI Gas St. No. 3 at 19.) Further, UGI Gas is participating in a broader pilot program conducted by the Gas Technology Institute ("GTI") to specifically evaluate issues relating to the deployment and use of SRMDs. Early widespread deployment may thwart the careful and thoughtful development and deployment of this technology.

The parties agreed in Settlement that UGI Gas will provide a copy of any analysis produced at the conclusion of the GTI pilot program investigating the use of SRMDs to the Commission's Pipeline Safety Division within 30 days of its production to UGI Gas. The Company also agrees to host a technical conference open to parties, Commission personnel, and other NGDCs to review the results of the GTI pilot, UGI Gas's pilot, and to discuss policy and operational considerations regarding further deployment of Remote Methane Detectors ("RMDs") and SRMDs within 90 days of the conclusion of the GTI pilot. (Settlement ¶ 68.) This Settlement provision will provide for the continued and consistent development in Pennsylvania of this important safety initiative. Therefore, this Settlement provision is reasonable and should be approved.

I. SUPPLIER ISSUES

RESA raised a number of supplier concerns in its testimony, including: recommending that UGI implement daily imbalance trading, that UGI Gas be required to implement a tariff policy that provides for force majeure protections, and that its proposed rate for NNS be rejected in favor of a lower rate. (RESA St. No. 1 at 3.)

Pursuant to the Settlement, UGI Gas will conduct a study to evaluate the feasibility and cost associated with offering daily imbalance trading. The Company will provide the results of that study to the parties to this proceeding on or before March 1, 2027. Further, the Company will address the study on daily imbalance trading in its 2027 purchased gas cost ("PGC") proceeding, including any cost recovery associated with the implementation of IT upgrades necessary to facilitate daily imbalance trading. (Settlement ¶ 70.)

The Company will revise its tariff to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers. The revisions to its tariff are reflected in Appendix A to this Settlement. (Settlement ¶ 71.) As described in the Company's testimony, UGI Gas's historic practice allowed for supplier force majeure on a case-by-case basis. (UGI St. No. 14-R at 7-9.) The force majeure tariff provisions agreed upon in this proceeding provide documentation of that practice and will provide clarity on the documentation and process that will benefit both UGI Gas and NGSs.

Regarding Rate NNS, the parties agree that beginning on the effective date of new rates in this proceeding, Rate NNS will be established at $0.20 per Mcf. (Settlement ¶ 72.) This reflects a small decrease to Rate NNS from the current rates established at $0.22 per Mcf.

UGI Gas offers a Purchase of Receivables ("POR") Program, under which the Company "purchases the uncollected receivables from participating suppliers and assumes responsibility for billing the customer and collecting the associated revenue." (UGI Gas St. No. 15-R at 32.) UGI Gas proposed no changes to its Commission-approved POR Program in this proceeding.

CAUSE-PA proposed certain modifications to the POR Program. Specifically, CAUSE-PA recommended that "UGI provide notice to suppliers that effective January 1, 2027," the Company "will no longer be purchasing the receivables from participating suppliers, unless the

supplier provides natural gas service at a price that is at or below UGI's default service price." (CAUSE-PA St. No. 1 at 2, 87.) UGI Gas noted in its rebuttal testimony that the current POR Program is offered "consistent with the Commission's regulations and requirements." (UGI Gas St. No. 15-R at 33.)

Pursuant to the Settlement, within 90 days of the approval of the Settlement in this proceeding, UGI Gas will hold a workshop with interested parties, including the parties to this proceeding, to develop annual Choice Program reporting components to provide parties with a better understanding of the function of the Choice program and any impacts it may have on affordability. (Settlement ¶ 69.) This Settlement provision resolves this issue in a reasonable manner and should be approved.

J. UNIVERSAL SERVICE COST RECOVERY

UGI Gas assigns recovery of its universal service programs costs to residential customers through its Universal Service Program ("USP") Rider. However, UGI Gas proposed to assign universal service programs costs to Rate XD on a negotiated basis as a part of its initial filing. (UGI Gas St. No. 10 at 22.)

CAUSE-PA recommended that USP costs "should be assigned to all rate classes based on their respective distribution revenue requirements per the Company's cost of service study (COSS) filed in the current case." (CAUSE-PA St. No. 1 at 83). In the alternative, CAUSE-PA recommended "at the very least, these costs should be assessed consistent with UGI's proposal to assign them to Rate class XD, but with the modification that such assignment should be required rather than permissive." (*Id.*) This proposal was opposed by OSBA. (OSBA St. No. 1-R at 1-2.)

The Settlement provides that, UGI Gas's proposal to assign universal service costs to Rate XD on a negotiated basis is accepted as filed. (Settlement ¶ 72.) UGI Gas further agrees to include a proposal for universal service and DSIC contributions each time it enters into contract

negotiations with a Rate XD customer beginning on and after October 1, 2026, or the first day of the first month after the Commission enters an order approving the Settlement. (Settlement ¶ 74.) This provision is reasonable and should be approved without modification.

K. TARIFF CLEANUP

CAUSE-PA recommended that UGI Gas amend Rule 9 of its tariff involving termination. (CAUSE-PA St. No. 1 at 92-93.) Specifically, CAUSE-PA recommended to provide at least 10 days' written notice of termination (as opposed to the current language that requires "reasonable notice") and to remove "violation of tariff Rules and Regulations" as a ground for termination of service. (*Id.*) CAUSE-PA witness Cicero claims that the latter provision "is overly broad and is not authorized by existing PUC regulations of the Public Utility Code." (*Id.* at 92.) The Company agreed to amend the retail tariff to provide at least 10 days' written notice of termination but did not agree that terminations for tariff violations were unauthorized. (UGI Gas St. No. 13-R at 15-16.)

Pursuant to the Settlement, UGI Gas agreed to amend Tariff Rule 9.1 (a) as follows, and as reflected in Appendix A to this Settlement:

a) Amend the rule to delineate grounds for termination that require notice from those that do not,

b) Specify 10-day notice is necessary prior to terminations that require notice.

c) Remove the phrase "(v) violation of tariff Rules and Regulations."

(Settlement ¶ 75.)

UGI Gas also agreed to review and revise its tariff to correct outdated references to state agencies and eliminate all references to expired sections of the Public Utility Code. These revisions are reflected in Appendix A to this Settlement. (Settlement ¶ 76.)

UGI Gas agrees to provide tariff clarity on the availability of payment arrangements for Rate N/NT, consistent with the terms and conditions of the Commission-approved settlement of its 2025 Base Rate Case. The revisions to its tariff required to provide this clarity are reflected in Appendix A to this Settlement. (Settlement ¶ 77.) This provision is reasonable and should be approved without modification.

IV. THE SETTLEMENT AND THE UNDERLYING EVIDENCE FULLY ADDRESSES THE ISSUES RAISED BY THE CHAIRMAN AND VICE CHAIR IN THEIR RESPECTIVE FEBRUARY 19, 2026 STATEMENTS IN THIS MATTER

Both Chairman DeFrank and Vice Chait Barrow issued Statements on February 19, 2026, in this matter, which directed the parties to address specific issues during the course of this proceeding.[8] The ALJs further directed that the parties address the issues raised by the Chairman and the Vice Chair as a part of the Settlement submitted in this matter. UGI Gas submits that the Settlement, supporting Appendices, and the record evidence presented in this case fully address each of the issues identified by the Chairman and Vice Chair.

First, the Settlement contains the information required to address the Chairman's directive that "[a]ny settlement should identify the total average bill for UGI's residential, commercial, and industrial customers." (Chairman's Statement, at 1.) Indeed, this information is included in the Joint Petition at Paragraphs 78-81 well as in summary and detailed forms in Appendix C.

Second, the Settlement contains the information required to address the Chairman's directive that "[a]ny settlement should identify the exact percentage of rate increase that UGI's residential, commercial, and industrial customers will experience under the settlement rates compared to existing rates." (Chairman's Statement, at 1.) This information is similarly contained in in the Joint Petition at Paragraphs 78-80 and 82, as well as Appendix C.

[8] Chairman DeFrank's Statement is available at: https://www.puc.pa.gov/pcdocs/1914675.pdf. Vice Chair Barrow's Statement is available at: https://www.puc.pa.gov/pcdocs/1914719.pdf.

Third, the Settlement contains information that makes clear the parties analyzed, evaluated, and considered UGI Gas's proposed capital structure and return on equity. (*See* Vice Chair's Statement, at 1.) The Settlement itself details the parties' efforts to analyze this issue in Paragraphs 78-80 and 83 of the Settlement. The Proposed Findings of Fact submitted in Appendix D, contain a discussion of the parties' evidence and analyses presented regarding these issues.

While the Settlement is a black box settlement and does not include an imputed capital structure or return on equity except for the ROE for plant placed in service and included in the DSIC, substantial record evidence was presented on these issues that demonstrates that the revenue requirement authorized by the Settlement is within the range of litigation positions advanced by the parties regarding proposed capital structure and return on equity. The parties engaged in extensive discovery and presented multiple rounds of in-depth testimony about the Company's and other parties' proposed capital structures and returns on equity. (*See generally* UGI Gas St. No. 8; I&E St. No. 2; OCA St. 3; UGI Gas St. No. 8-R; I&E St. No. 2-SR; OCA St. 3S; UGI Gas St. No. 8-RJ.) Moreover, substantial cross-examination of witnesses regarding these topics occurred at the evidentiary hearings held in this matter. (*See, e.g.*, Tr. 571-595, 602-632.) The Joint Petitioners' positions on these issues were duly considered when determining the agreed-upon increase in the Company's revenue requirement. The Joint Petitioners devoted a significant amount of time and effort to investigating and litigating these issues in this case and drew upon their extensive experience in rate case proceedings in negotiating the Settlement and evaluating their positions. Given the fact that every party that presented testimony on these issues reached agreement on the overall revenue requirement, or does not oppose the Settlement, the Settlement should be approved without modification.

For these reasons, the Settlement and the record evidence advanced in this proceeding fully address the issues identified by Chairman DeFrank and Vice Chair Barrow. The Settlement is just and reasonable and in the public interest and therefore, should be approved without modification.

V. CONCLUSION

As explained in this Statement in Support, the Settlement is the result of a detailed examination of UGI Gas's proposals, substantial discovery requests, multiple rounds of testimony, a multi-day hearing with cross examination, numerous settlement discussions, and compromises by the active parties. UGI Gas believes that fair and reasonable compromises have been achieved on all issues in this case providing substantial benefits to customers, particularly given the fact that the Joint Petitioners have such diverse and competing interests in this proceeding and have reached a Settlement on all issues. UGI Gas fully supports this Settlement and respectfully requests that the Administrative Law Judges F. Joseph Brady and Alphonso Arnold III, and the Pennsylvania Public Utility Commission:

(i) Approve the Joint Petition for Approval of Settlement of All Issues without modification;

(ii) Approve the proposals set forth in UGI Gas's above-captioned natural gas distribution base rate increase filing subject to the terms and conditions of the Joint Petition for Approval of Settlement of All Issues;

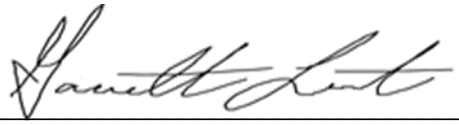
(iii) Approve the *pro forma* tariff attached to the Joint Petition for Approval of Settlement of All Issues as Appendix A;

(iv) Approve the proof of revenues attached to the Joint Petition for Approval of Settlement of All Issues as Appendix B;

(v) Mark the Formal Complaints filed by OCA, OSBA, CAUSE-PA, and the individual customer complainants as satisfied and closed; and

(vi) Mark the investigation at Docket No. R-2025-3059523 *et al.* closed.

Respectfully submitted,



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Dated: July 6, 2026

Counsel for UGI Utilities, Inc. – Gas Division

APPENDIX H

Statement in Support of the Bureau of Investigation and Enforcement

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3059523
	:	
UGI Utilities, Inc. – Gas Division	:	

STATEMENT OF THE
BUREAU OF INVESTIGATION AND ENFORCEMENT
IN SUPPORT OF THE
JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT
OF RATE INVESTIGATION

TO ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY AND ADMINISTRATIVE LAW JUDGE ALPHONSO ARNOLD III:

The Bureau of Investigation and Enforcement ("I&E") of the Pennsylvania Public Utility Commission ("Commission"), by and through Prosecutors Michael A. Podskoch, Jr. and Joanna Toft-Funk, hereby respectfully submits that the terms and conditions of the foregoing *Joint Petition for Approval of Settlement of All Issues* ("Joint Petition" or "Settlement")[1] are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of UGI Utilities, Inc. – Gas Division ("UGI Gas" or "Company") and its customers. The parties to this settlement are UGI Gas, I&E, the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), and the Retail Energy Supply Association ("RESA") (collectively the "Joint Petitioners").[2] Following extensive review of the Company's filing and discovery responses,

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[1] Twenty-one individuals filed *pro se* formal complaints opposing the proposed rate increase. None were active parties to the proceeding. A complete copy of the Settlement is being served on all formal complainants notifying them that they may file comments in support or opposition by July 15, 2026.

[2] The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") does not oppose the Settlement.

and participation in numerous settlement conferences, I&E is of the opinion that the terms and conditions of the Joint Petition are in the public interest. Accordingly, I&E recommends that the Administrative Law Judges and the Commission approve the Settlement in its entirety.

I. INTRODUCTION

On January 28, 2026, UGI Utilities, Inc. – Gas Division filed proposed Supplement No. 63 to UGI Gas Tariff – Pa. P.U.C. Nos. 7 and 7S ("Supplement No. 63") with a proposed effective date of March 29, 2026. The rates set forth therein, if approved by the Commission, would increase UGI Gas' annual jurisdictional revenues by $99.368 million, or 8.05%.

On February 3, 2026, I&E filed its Notice of Appearance. On February 6, 2026, OCA filed its Notice of Appearance and a Formal Complaint and Public Statement. That same day, OSBA filed its Notice of Appearance. On February 9, 2026, OSBA filed a Formal Complaint and Public Statement. On February 10, 2026, CAUSE-PA filed its Notice of Appearance and a Formal Complaint. On February 20, 2026, RESA filed a Petition to Intervene which was subsequently granted.

On February 19, 2026, the Commission entered an Order pursuant to Section 1308(d) of the Public Utility Code suspending the implementation of the proposed rates by operation of law until October 29, 2026, and opening an investigation into the lawfulness, justness, and reasonableness of the proposed rates, rules, and regulations contained therein. The case was assigned to the Office of Administrative Law Judge for the prompt scheduling of such hearings as may be necessary culminating in the issuance of a Recommended Decision.

A telephonic Prehearing Conference was held on March 6, 2026, before Administrative Law Judges ("ALJs") F. Joseph Brady and Alphonso Arnold III wherein procedural matters were discussed. The parties did not agree to a litigation schedule during the conference and therefore

were instructed to propose a litigation schedule to the ALJs by March 10, 2026. The parties complied with this request and proposed a litigation schedule which included evidentiary hearings on June 2-4, 2026. The proposed litigation schedule was adopted by the ALJs' Prehearing Order dated March 13, 2026.

In-person public input hearings were held on March 30, 2026, in Lancaster, PA; April 1, 2026, in Wilkes-Barre, PA; April 6, 2026, in Allentown, PA; and April 7, 2026, in Reading, PA. Telephonic public input hearings were held on April 3, 2026 and April 9, 2026.

Evidentiary hearings were held on June 2-3, 2026, in Harrisburg, PA wherein the parties moved for the admission of their pre-served testimonies and exhibits into the record. I&E submitted the following evidence:

- I&E Statement No. 1 – Direct Testimony of Zachari Walker in both Proprietary and Non-Proprietary format
- I&E Exhibit No. 1 in both Proprietary and Non-Proprietary format
- I&E Statement No. 1-SR – Surrebuttal Testimony of Zachari Walker in both Proprietary and Non-Proprietary format
- I&E Exhibit No. 1-SR in both Proprietary and Non-Proprietary format
- Verification of Zachari Walker
- I&E Statement No. 2 – Direct Testimony of Drew Breuning
- I&E Exhibit No. 2
- I&E Statement No. 2-SR – Surrebuttal Testimony of Drew Breuning
- Verification of Drew Breuning
- I&E Statement No. 3 – Direct Testimony of Ethan H. Cline
- I&E Exhibit No. 3
- I&E Statement No. 3-SR – Surrebuttal Testimony of Ethan H. Cline
- Verification of Ethan H. Cline
- I&E Statement No. 4 – Direct Testimony of Anna Ritchie
- I&E Exhibit No. 4
- I&E Statement No. 4-SR – Surrebuttal Testimony of Anna Ritchie
- Verification of Anna Ritchie

The hearing scheduled for June 4, 2026 was cancelled.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

I&E serves as the Commission's prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge.[3] By representing the public interest in rate proceedings before the Commission, I&E works to balance the interests of customers, utilities, and the regulated community as a whole to ensure that a utility's rates are just, reasonable, and nondiscriminatory.[4] In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding may benefit the public interest and to ensure that the public interest is served.

The Commission has stated that "[t]he prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest."[5] The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."[6] Commission policy encourages settlements because, in the Commission's judgment, the results achieved from a negotiated settlement are often preferable to those achieved at the conclusion of a fully litigated proceeding.[7]

III. SPECIFIC SETTLEMENT TERMS

A. Revenue Requirement (Joint Petition ¶¶ III.B.35-36)

The Settlement provides for a total base rate revenue increase of $65,000,000 as opposed to UGI Gas' proposed increase of $99,368,000. Pursuant to the terms of the Settlement, the Company's overall increase shall be implemented in two phases: (1) a Phase I increase of

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3 *Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852, p. 5 (Order Entered August 11, 2011).
4 *See* 66 Pa.C.S. §§ 1301(a); 1304.
5 *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).
6 *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).
7 *See* 52 Pa. Code §§ 5.231(a); 69.401.

$40,000,000 (62% of total increase) effective October 1, 2026; and (2) a Phase II increase of $25,000,000 (38% of total increase) effective October 1, 2027.

I&E's recommendation in this proceeding was the result of I&E's extensive review of the overall revenue requirement for UGI Gas, particularly in consideration of the comments made in Vice Chair Barrow's Statement dated February 19, 2026 regarding UGI Gas' proposed rate of return, return on equity ("ROE"), and capital structure.[8] I&E applied the traditional revenue requirement formula used in base rate cases to complete its analysis.[9] I&E reviewed and accepted the Company's existing claimed capital structure.[10] I&E's calculated cost of common equity in this proceeding was 9.81% and its overall rate of return recommendation was 7.71%.[11] I&E's final recommended overall revenue requirement increase, as updated in surrebuttal testimony, was $56,706,000.[12]

UGI Gas sought an ROE of 10.75% in this proceeding.[13] Based on the information available to I&E when reviewing the ROE produced by this Settlement, the revenue increase in Phase 1 should be well below UGI Gas' proposed ROE of 10.75% and below the I&E proposed ROE of 9.81%. When taking into account Phase 2 of the revenue increase, the resultant ROE should more closely align with the ROE proposed by I&E than the ROE proposed by the Company. These factors were all considered in I&E's agreement to this revenue increase.

The revenue requirement agreed to in this Settlement does not specifically identify the resolution of each disputed issue. Instead, an overall increase to base rates is agreed to and the parties retain all rights to further challenge all issues in subsequent proceedings. This benefits

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8 *See* Statement of Vice Chair Kimberly Barrow, *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2025-3059523.
9 I&E Statement No. 2, p. 3.
10 *Id.* at p. 14.
11 I&E Statement No. 2-SR, p. 5.
12 I&E Statement No. 1-SR, p. 4.
13 UGI Gas Statement No. 2, p. 3; UGI Gas Statement No. 2-R, p. 3; UGI Gas Statement No. 2-RJ, p. 3.

ratepayers as it allows for the resolution of the proceeding in a timely manner while avoiding significant additional expenses. A previous Chairman of the Commission has stated that:

> Determination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible.[14]

The overall Settlement revenue levels are reasonably within the levels advanced on the evidentiary record by I&E and reflect a full compromise of all revenue-related issues raised by the parties. Therefore, in consideration of the extensive testimony presented by I&E and all of the parties to this proceeding, I&E fully supports the negotiated level of overall base rate revenue increase as a full and fair compromise that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with an amicable resolution of the overall revenue increase and regulatory certainty, all of which is in the public interest.

As noted above, I&E's calculated cost of common equity in this proceeding was 9.81% and its overall rate of return recommendation was 7.71%, producing, with the other I&E adjustments, a final recommended overall revenue requirement increase, as updated in surrebuttal testimony, of $56,706,000.[15] The revenue requirement agreed to as part of this Settlement, particularly in light of the phase-in of rates agreed to, is reasonably close to the I&E recommended overall revenue increase and well in line with the likely overall revenue requirement had the case been fully litigated. The phase-in agreed to as part of this Settlement is an important component of I&E's agreement to settle this case. The phase-in is in line with the

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[14] *See* Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Wellsboro Electric Company,* Docket No. R-2010-2172662 (Order Entered January 13, 2011); *See also* Statement of Commissioner Robert F. Powelson, *Pennsylvania Public Utility Commission v. Citizens' Electric Company of Lewisburg, Pennsylvania,* Docket No. R-2010-2172665 (Order Entered January 13, 2011).

[15] I&E Statement No. 1-SR, p. 4.

concept of gradualism. This allows for a more gradual increase in rates over time that customers can plan for, rather than being impacted by the entire rate increase at once. This provision would not have been available but for the settlement.

The Settlement also provides that UGI Gas shall not file a Section 1308(d) general rate increase on or before January 15, 2029. I&E did not propose this stay-out term but supports the Settlement in its entirety as being in the public interest.

B. Revenue Allocation and Rate Design (Joint Petition ¶¶ III.C.37-39)

In the Settlement the Joint Petitioners agree, for purposes of this Settlement, that rate design and class revenue allocation will be based on the information provided in Appendix B attached to the Joint Petition. The effect of the Settlement on representative Residential, Small Commercial, Large Commercial, and Industrial customer rates (on both a total bill basis and a distribution only basis) is set forth in the tables provided in Appendix C attached to the Joint Petition as requested in Chairman DeFrank's Statement dated February 19, 2026.[16]

I&E recommended that customer charges be included in any scale back as an effective means of recognizing the interests of both the Company and customers consistent with Commission precedent.[17]

Additionally, while considering all of the revenue allocations and rate designs presented by the parties, the Joint Petitioners engaged in extensive negotiations regarding the ultimate revenue allocation among rate classes and the applicable customer charge for each rate class. All due consideration was given to the application of scale backs. After extensive negotiations among the Joint Petitioners and in consideration of all of the

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[16] *See* Statement of Chairman Stephen M. DeFrank, *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2025-3059523.

[17] I&E Statement No. 3, pp. 17-18 (*citing Pa. PUC v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2025-3053499*, pp. 280-83 (Order Entered December 4, 2025); I&E Statement No. 3-SR, pp. 5-6.

record evidence presented, I&E fully supports the revenue allocation and rate design settlement terms as set forth in Appendix B attached to the Joint Petition as a full and fair compromise that is within a reasonable range that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and an amicable resolution of the revenue allocation and rate design, all of which is in the public interest.

C. Weather Normalization Adjustment ("WNA") (Joint Petition ¶¶ III.D.40-43)

The Settlement provides that UGI Gas will conduct a new pilot with respect to its Weather Normalization Adjustment ("WNA"), i.e., the "Second WNA Pilot." The Second WNA Pilot will commence on November 1, 2027, and run through the date of entry of an order in the Company's next base rate proceeding. For the Second WNA Pilot, the parties agree that UGI Gas will continue the use of its existing WNA methodology, yet implement the use of a 5% deadband. The Second WNA Pilot will use the Heating Degree Days ("HDDs") produced by the 10-year normal weather used to determine the Company's base rates and the actual experienced HDDs for the period from November 1 through April 30. Under the Second WNA Pilot, the WNA will not apply to customers enrolled in the Company's Customer Assistance Program ("CAP"). UGI Gas agrees to file for renewal, revision, extension, or elimination of the Second WNA Pilot as a part of its next base rate case. The parties reserve the right to challenge the renewal, revision, or extension of the Second WNA Pilot. The Company's WNA methodology in the proposed tariff in this proceeding (UGI Gas Exhibit F Proposed) will be approved and remain in effect through the billing month of April 2027.

I&E recommended that UGI Gas' WNA deadband be increased from the existing 3% to 5% consistent with the Commission's decision in the 2025 Columbia Gas of Pennsylvania, Inc.

base rate case.[18] A 5% deadband more adequately captures what could be considered normal weather fluctuations in Pennsylvania and places more of the burden for weather variation back onto the Company as a normal part of doing business.[19] Additionally, OCA, OSBA, and CAUSE-PA submitted extensive testimony recommending modifications to the existing WNA pilot and even recommending the existing pilot be summarily terminated.[20]

The modifications to the Second WNA Pilot were offered as settlement terms by the interested Joint Petitioners as part of the overall complex settlement negotiations. I&E shares the concerns raised by all of the Joint Petitioners. Ultimately, I&E fully supports the settled upon terms regarding the Second WNA Pilot as a full and fair compromise that was woven into the consideration of other terms within the Settlement. This compromise provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with an amicable resolution and regulatory certainty to a contentious issue, all of which is in the public interest.

D. Customer Assistance/Relations (Joint Petition ¶¶ III.E.44-57)

I&E did not submit testimony regarding UGI Gas' customer assistance/relations issues. Nevertheless, I&E shares the concerns of the interested Joint Petitioners. Further, I&E monitored the settlement negotiations regarding these issues and monitored the proposals and counter proposals offered by the parties throughout this proceeding. In consideration of all of the proffered evidence and arguments, I&E does not oppose these settlement

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[18] I&E Statement No. 3, p. 16 (*citing Pa. PUC v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2025-3053499*, pp. 301-02 (Order Entered December 4, 2025); I&E Statement No. 3-SR, p. 5.

[19] I&E Statement No. 3, p. 16; I&E Statement No. 3-SR, pp. 4-5.

[20] OCA Statement No. 1, pp. 4-5; OCA Statement No. 1-SR, pp. 11; OSBA Statement No. 1, p. 2; CAUSE-PA Statement No. 1, pp. 64-67; CAUSE-PA Statement No. 1-SR, pp. 42-43.

terms as a full and fair compromise that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and an amicable resolution of the customer assistance and universal service issues, all of which is in the public interest.

E. Distribution System Improvement Charge ("DSIC")/Reporting (Joint Petition ¶¶ III.F.58-60)

I&E reviewed but did not submit testimony regarding UGI Gas' DSIC and DSIC reporting recommendations. I&E has, in the past, routinely requested updated reporting on plant additions, retirement, and transfers regarding claimed rate base and DSIC calculations. I&E has offered that there is value in determining how closely a utility's projected investments in future plant, compare to the actual investments that are made by the end of the future test year ("FTY") and fully projected future test year ("FPFTY"). Therefore, I&E fully supports the settled upon terms regarding rate base, DSIC, and the capital expenditure reporting as a full and fair compromise that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with an amicable resolution and regulatory certainty which is in the public interest.

F. Accounting (Joint Petition ¶¶ III.G.61-66)

I&E submitted limited testimony regarding the identified accounting methodology issues. I&E shares the concerns of the interested Joint Petitioners. Further, these issues were negotiated in good faith by the interested parties. In consideration of all of the proffered evidence and arguments, I&E does not oppose these settlement terms as a full and fair compromise that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and an amicable resolution of the accounting methodology issues for purposes of this Settlement, all of which is in the public interest.

G. Gas Safety (Joint Petition ¶¶ III.H.67-68)

The Settlement provides that UGI Gas will continue to produce a report for pipeline replacements, to be filed annually as part of its AAOP filing, identifying its ten most expensive restoration projects per year over the past three years, and specifically identifying costs incurred in excess of the Pennsylvania Department of Transportation restoration standards including: paving, shoulders, sidewalks, etc., and permitting fees. The Company will discuss the results of the annual reporting on restoration costs with the Commission's Pipeline Safety Division.

UGI Gas agrees to provide a copy of any analysis produced at the conclusion of the Gas Technology Institute ("GTI") pilot program investigating the use of Smart Remote Methane Detectors ("SRMDs") to Pipeline Safety within 30 days of its production to UGI Gas. The Company also agrees to host a technical conference open to parties, Commission personnel, and other NGDCs to review the results of the GTI pilot, UGI Gas' pilot, and to discuss policy and operational considerations regarding further deployment of Remote Methane Detectors ("RMDs") and SRMDs within 90 days of the conclusion of the GTI pilot.

I&E raised the issues of restoration costs and the expansion of the RMD and SRMD pilot programs in its direct and surrebuttal testimonies.[21] I&E supports the settled upon restoration costs and methane detector settlement terms as a full and fair resolution that provides UGI Gas, the Joint Petitioners, affected ratepayers, and the Commission with regulatory certainty and is in the public interest.

H. Supplier Issues (Joint Petition ¶¶ III.I.69-72)

I&E did not submit testimony regarding UGI Gas' supplier issues but supports the Settlement in its entirety as being in the public interest.

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[21] I&E Statement No. 4, pp. 9-14.; I&E Statement No. 4-SR, p. 5.

I. Universal Service Cost Recovery (Joint Petition ¶¶ III.J.73-74)

I&E did not submit testimony regarding UGI Gas' universal service cost recovery but supports the Settlement in its entirety as being in the public interest.

J. Tariff Cleanup (Joint Petition ¶¶ III.K.75-77)

I&E did not submit testimony regarding UGI Gas' tariff but supports the Settlement in its entirety as being in the public interest.

K. Standard Settlement Conditions (Joint Petition ¶¶ VI.88-94)

I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJs recommend that the Commission adopt the Settlement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its right to file Exceptions with respect to any modifications to the terms and conditions of the Settlement, or any additional matters, that may be proposed by the ALJs in the Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding.

The Settlement is also conditioned upon the Commission's approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

Based on I&E's analysis of the base rate revenue increase requested by UGI Gas, acceptance of this proposed Joint Petition is in the public interest. Settlements conserve precious administrative resources and provide regulatory certainty with respect to the disposition of issues. Resolution of these issues by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this proceeding. Increased litigation expenses may cause an increase in revenue beyond that agreed to in the Joint Petition. Acceptance of the foregoing Settlement will negate the need to engage in additional litigation including the preparation of Main Briefs, Reply Briefs, Exceptions, and Reply Exceptions. The avoidance of further rate case expense by settlement of these provisions in this base rate investigation proceeding best serves the interests of UGI Gas and its customers. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

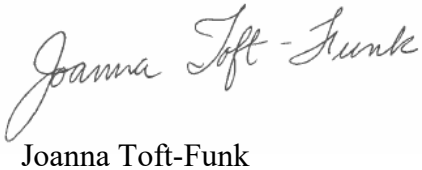
I&E represents that all issues raised in testimony have been satisfactorily resolved through discovery and discussions with the Company or are incorporated or considered in the resolution proposed in the Settlement. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Joint Petitioners have carefully discussed and negotiated all issues raised in this proceeding, and specifically those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this rate filing complete.

V. CONCLUSION

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Settlement as being in the public interest and respectfully requests that Administrative Law Judges F. Joseph Brady and Alphonso Arnold III recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully submitted,

Michael A. Podskoch, Jr.
Prosecutor
PA Attorney ID No. 330132



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Dated: July 6, 2026

APPENDIX I

Statement in Support of the Office of Consumer Advocate

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	
v.	:	Docket No. R-2025-3059523
	:	
UGI Utilities, Inc. – Gas Division	:	
	:	

STATEMENT IN SUPPORT
OF THE JOINT PETITION FOR NON-UNANIMOUS SETTLEMENT
OF THE OFFICE OF CONSUMER ADVOCATE

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TO THE ADMINISTRATIVE LAW JUDGES F. JOSEPH BRADY AND ALPHONSO ARNOLD III:

AND NOW, before the Administrative Law Judges (ALJs) F. Joseph Brady and Alphonso Arnold III and the Pennsylvania Public Utility Commission (Commission), the Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Unanimous Settlement of All Issues (Settlement) in the captioned proceeding, submits this Statement in Support of the Settlement, requesting approval of the terms and conditions of the Settlement as being supported by substantial record evidence and in the public interest.

I. INTRODUCTION

A. Description of the Office of Consumer Advocate

The OCA is a statutory advocate with the authority and duty to represent the interest of consumers as a party before the Commission in public utility rate requests.[1] The OCA's interest in this case is to ensure that utility consumers – who ultimately pay the revenue requirement to the utility – are paying no more than is necessary, to ensure that public utility service remains adequate, reliable, and safe while allowing the utility to have the opportunity to recover its prudently incurred costs and earn a fair rate of return on its investments.

B. Procedural Background

On January 28, 2026, the Company filed Supplement No. 63 to UGI Gas Tariff – Pa. P.U.C. Nos. 7 and 7S with the Commission to become effective on March 29, 2026. The Company's proposed tariffs would increase the Company's total annual operating revenues by approximately $91.438 million[2] based on a fully projected future test year (FPFTY) ending September 30, 2027.

[1] 71 P.S. § 309-4.

[2] UGI St. 2-RJ at 2-3. UGI's initial filing requested an increase of $99.368 million; and UGI's rebuttal position requested an increase of 98.693 million. UGI St. 15-R at 6at 6; UGI St. 1 at 5.

On February 19, 2026, the Commission entered an Order at the captioned docket, suspending the tariffs by operation of law until October 29, 2026, instituting an investigation to determine the lawfulness, justness, and reasonableness of the proposed and existing rates, rules, and regulations, and assigning the rate filings to the Office of Administrative Law Judge (OALJ) for the prompt scheduling of hearings as may be necessary culminating in the issuance of a recommended decision.

On February 6, 2026, the OCA filed its Formal Complaint and Public Statement.

There were eight in person and four telephonic Public Input Hearings at which over 18 consumers and 9 public officials testified under oath, a majority of them in opposition to UGI's rate relief request.[3] The Public Input Hearings were held as follows:

- March 30, 2026, in-person at the Manheim Township Public Library Hall at 1:00 PM and 6:00 PM.
- April 1, 2026, in-person at Wilkes-Barre Township Fire Department, Fire Hall 188 at 1:00 PM and 6:00 PM.
- April 3, 2026, two telephonic hearings were held at 1:00 PM and 6:00 PM.
- April 6, 2026, in-person in the City of Allentown, Council Chambers at 1:00 PM and 6:00 PM
- April 7, 2026, in-person at the Dunn Community Center at 1:00 PM and 6:00 PM.
- April 9, 2026, two telephonic hearings were held at 1:00 PM and 6:00 PM.

Consistent with the procedural schedule issued by ALJs Brady and Arnold, the OCA served on the ALJs and the parties its written Direct, Rebuttal, and Surrebuttal Testimonies on April 13, 2026, May 13, 2026, and May 27, 2026, respectively, in which the OCA opposed and/or recommended adjustments to the Company's requests. Written rejoinder testimony was submitted by the Company on June 1, 2026.

[3] OCA St. 7, OCA St. 7-Supp.

On June 2-3, 2026, ALJs Brady and Arnold held evidentiary hearings. During the hearings, the ALJs admitted into the record pre-served testimony and exhibits identified by UGI, I&E, OCA, OSBA, CAUSE-PA, and RESA. Two witnesses for UGI, three witnesses for OCA and one witness each for CAUSE-PA and I&E were cross-examined.

All parties engaged in extensive settlement discussions in an attempt to resolve the issues presented in this proceeding. On July 6, 2026, UGI, I&E, OCA, OSBA, and RESA filed the Settlement, representing a full settlement of the issues litigated between the Settling Parties in the case. CAUSE-PA filed its non-opposition to the settlement.

In accordance with the procedural schedule established in this proceeding, the OCA now submits this Statement in Support of the Settlement. As explained below, the OCA submits that the Settlement is supported by substantial evidence and in the public interest and should be approved without modification.

II. STANDARDS FOR APPROVAL OF SETTLEMENT

The policy of the Commission is to encourage settlements, and the Commission has stated that settlement rates are often preferable to those achieved at the conclusion of a fully litigated proceeding.[4] Overall, the standard for approval of a non-unanimous settlement in a rate case is the same as an adjudication of full litigation – it must be supported by substantial evidence and in accordance with law.[5]

A. Utility Rates Must Be Just and Reasonable

As a matter of law, a public utility's rates must be just and reasonable and in conformity with regulations or orders of the Commission.[6] A public utility may obtain "a rate that allows it to

[4] 52 Pa. Code §§ 5.231, 69.401.
[5] 2 Pa. C.S. § 704; *ARIPPA v. Pa. PUC*, 792 A.2d 636, 659-660 (Pa. Cmwlth. 2002) (*ARIPPA*).
[6] 66 Pa. C.S. § 1301(a).

recover those expenses that are reasonably necessary to provide service to its customers[,] as well as a reasonable rate of return on its investment."[7]

The Commission "has broad discretion in determining whether rates are reasonable" and "is vested with discretion to decide what factors it will consider in setting or evaluating a utility's rates."[8] The Commission's discretion to determine if a requested rate is just and reasonable includes the "power to make and apply policy" concerning the appropriate balance between rates charged to consumers and returns allowed to utility investors.[9]

B. Settlements Must Be in the Public Interest and Due Consideration Must Be Given to the Interests of Consumers

In order to accept a settlement such as proposed here, the Commission must determine that the proposed terms and conditions are in the public interest.[10] "It is the Commission's duty to determine the public interest and to protect the rights of the public."[11] Consistent with the Commission's other statutory responsibilities, the Commission must determine the public interest with "due consideration to the interests of consumers."[12]

C. Burden of Proof and Substantial Evidence

A proposed rate must be just and reasonable, and the utility bears the burden of proof to show that the rate involved is just and reasonable.[13]

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[7] *City of Lancaster Sewer Fund v. Pa. PUC*, 793 A.2d 978, 982 (Pa. Cmwlth. 2002) (*Lancaster 2002*).
[8] *Popowsky v. Pa. PUC*, 683 A.2d 958, 961 (Pa. Cmwlth. Ct. 1996) (*Popowsky 1996*) (emphasis added).
[9] *Popowsky v. Pa. PUC*, 665 A.2d 808, 812 (Pa. 1995) (*Popowsky 1995*).
[10] *Pa. PUC v. City of Bethlehem – Water Dept*., Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13 (citing *Pa. PUC v. York Water Co*., Docket No. R-00049165 (Order entered October 4, 2004); *Pa. PUC v. C. S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991) (*CS Water and Sewer*)).
[11] *Duquesne Light Co. v. Pa. PUC*, 715 A.2d 540, 546 (Pa. Cmwlth. Ct. 1998) (citations omitted).
[12] 71 P.S. § 309-5.
[13] 66 Pa.C.S. §§ 1301(a), 315(a).

Proponents of an order bear the burden of proof.[14] Because the Joint Petitioners request that the Commission enter an order adopting the settlement without modification, they share the burden of proof to show that the terms and conditions of the settlement are in the public interest.[15]

It is well-established that the "degree of proof before administrative tribunals as well as before most civil proceedings is satisfied by establishing a preponderance of the evidence."[16] For a Commission decision to be supported by substantial evidence, it must be supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.[17] The evidence must be substantial and legally credible, not mere "suspicion" or a "scintilla" of evidence.[18] The Commission must make findings "in sufficient detail to enable the court on appeal, to determine the controverted question presented by the proceeding and whether proper weight was given to the evidence."[19]

III. SETTLEMENT TERMS

The Commission encourages settlement, and to do so it must recognize the balance of compromises struck by settling parties. While the OCA does not address all issues contained within the Settlement in this Statement in Support, the OCA does not oppose terms and conditions not expressly addressed herein. The OCA submits that the Settlement, taken as a whole, is a reasonable compromise in consideration of likely litigation outcomes before the Commission. The OCA submits that the Settlement is in the public interest and supports Commission approval of the Settlement without modification. The OCA points to the substantial evidence in the record support the provisions addressed by the OCA below and relies on the other parties to the settlement to

[14] 66 Pa.C.S. § 332(a).
[15] 66 Pa.C.S. § 332(a); *Pa. PUC v. City of Bethlehem – Water Dept*., Docket No. R-2020-3020256 (Order entered April 15, 2021) (*City of Bethlehem*) at 13.
[16] *Lansberry v. Pa. PUC*, 578 A.2d 600, 602 (Pa. Cmwlth. Ct. 1990) (*Lansberry*).
[17] *Dutchland Tours, Inc. v. Pa. PUC*, 337 A.2d 922, 925 (Pa. Cmwlth. 1975) (*Dutchland*).
[18] *Lansberry*, 578 A.2d at 602.
[19] 66 Pa.C.S. § 703(e); ARIPPA, 792 A.2d at 668-669.

address those provisions that are significant and material to them in their respective statements in support.

A. REVENUE REQUIREMENT (Settlement ¶ 35)

In its initial filing, UGI proposed to increase its total annual operating revenues by approximately $99.368 million, or 8.05%.[20] UGI stated that the principal reasons for its proposed base rate increase were: (1) continue the accelerated replacement of aging gas plant infrastructure; (2) upgrade and improve system segments and modernize facilities; (3) serve new residential and commercial customers, including natural gas conversions; (4) install and upgrade supporting information technology systems; and, most importantly, (5) ensure the safety of the Company's employees, customers, the communities it serves, and its distribution system.[21]

OCA witness Rogers made several adjustments to UGI's requested revenue increase and recommended UGI's revenue requirement increase should be reduced by $115.2 million to reflect a decrease of $15.8 million.[22] Ms. Rogers recommended downward adjustments to UGI's claimed expenses in the FPFTY and computed the necessary return based on a Return on Equity (ROE) of 8.8% and a debt ratio of 51% as recommended by OCA witness Garrett.[23] Ms. Rogers also incorporated the recommendation of OCA witness Garren that UGI switch from the Equal Life Group (ELG) to the Average Life Group (ALG) depreciation method for all plant for depreciation accruals beginning in the FPFTY[24], resulting in a downwards adjustment to UGI Gas's claimed depreciation and amortization expenses of $21.8 million by the end of the FPFTY and an equivalent upwards adjustment to rate base.[25] Ms. Rogers also incorporated the recommendation

[20] UGI St. 1 at 5.
[21] *Id*. at 6.
[22] OCA St. 2 at 3.
[23] *Id*.
[24] Currently, UGI Gas applies the ALG method to plant placed in service prior to 1982 and the ELG method to plant placed in service in 1982 and thereafter.
[25] OCA St. 2 at 6.

of OCA witness Colton who recommended removing 50 percent of the residential collection expenses resulting in a decrease to UGI's revenue requirement by $3 million.[26] UGI accepted several of the OCA's recommended adjustments but rejected the OCA's proposed adjustments to depreciation and amortization expenses as well as several other recommended adjustments.

The Settling Parties engaged in extensive negotiations regarding UGI's overall revenue requirement. The Settling Parties agreed to resolve their differences over the revenue requirement issue, as follows:

> 35. UGI Gas shall be permitted to implement an increase in base rate revenues of $65 million accomplished over two steps.
>
> a. The increase effective October 1, 2026, or upon one day's notice of Commission order in this proceeding, whichever is later shall be $40 million.
>
> b. The increase effective October 1, 2027, shall be $25 million.
>
> 36. The Company shall not file a Section 1308(d) general rate increase on or before January 15, 2029, provided, however, that the Company shall not be prevented from filing a tariff or tariff supplement proposing a general increase in rates in compliance with Commission orders or in response to fundamental changes in regulatory policies, legislative actions at the state or federal level, or state or federal tax policies affecting the Company's rates.[27]

The revenue requirement settlement terms are in the public interest because the Settlement revenue increase provides sufficient funds to maintain UGI's gas distribution system in an adequate, efficient, safe, and reasonable manner at a level significantly lower than UGI's $99.368 million original request and within a reasonable range of the OCA's recommendation to decrease UGI's revenue requirement by $115.2 million. Based on the OCA's analysis of UGI's filing, discovery responses received, testimony filed, and various cost of capital proposals, the revenue increase under the Settlement is approximately $34.4 million below the value UGI originally filed

[26] OCA St. 2SR at 18.
[27] Settlement ¶¶ 35-36.

for and represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The revenue requirement increase should also be considered in the context of the many important provisions obtained in the Settlement that were the product of extensive negotiation, which includes many terms that likely would not have been achieved through litigation.

Additionally, UGI will keep its base rates at the levels proposed in the Settlement for at least three years. This stay-out term is in the public interest because it will protect consumers from further increased rates for a longer period of time and provides consistency in the new rates before the possibility of another base rate increase. It is important to recognize that the Commission does not have the legal authority to order a "stay-out" of rates for a public utility. If this case had been fully litigated to a Commission decision, UGI would have the ability to file a new rate case as soon as next year. A stay-out, as negotiated here, can only be achieved through a settlement.

Further, under the terms of the settlement, UGI's rate increase will be phased in over two years.[28] The proposed two-year phase-in of rate increases is in line with the generally accepted ratemaking principle of gradualism which will protect consumers from the devastating effects of rate shock. This agreed upon term of the settlement is in the best interest of consumers as it aims to ameliorate the financial impact of a large rate increase on customers all at one time, while ensuring that UGI has access to sufficient revenues to maintain safe, adequate, and reliable service until the conclusion of the stay-out period. Similar to the stay-out provision described above, the Commission does not have the legal authority to order a public utility to phase-in rates over a period of years. This important element of the Settlement can only be achieved through negotiations among the Parties, as it was done here.

[28] Settlement ¶ 35

Further, the OCA raised affordability concerns regarding UGI's rates.[29] The two-year phase-in of rates addresses the affordability concerns raised by the OCA because consumers will not be expected to bear the entire rate increase all at once and will gradually have their rates increase. The three-year stay-out term also address the affordability concerns raised by the OCA because UGI customers will not see another rate increase for a significant amount of time which will promote stability in their rates and will protect consumers from a further rate increase. These terms are significant consumer protections and provide UGI customers with substantial benefits that could not be achieved had the proceeding been fully litigated. Therefore, the Settlement terms regarding the revenue requirement are in the public interest and should be approved by the Commission.

B. REVENUE ALLOCATION AND RATE DESIGN

1. Rate Design (Settlement ¶ 38)

In its initial filing, UGI proposed to increase the residential customer charge by $6.25, or 41.5%, from $16.25 to $23.00.[30] UGI claimed that its proposed customer charge of $23.00 per month moves the customer charge towards the customer related unit cost, and therefore helps align the customer charge with its fixed cost of service requirements, based on its customer-related unit cost of $54.03 per month.[31] UGI relied on the separate natural gas commodity charge to promote energy efficiency and conservation under its as-filed rate design proposal, due to the decreased volumetric distribution component's portion of customers' bills.[32]

The OCA recommended that UGI's residential customer charge increase proposal be denied, that the residential customer charge remain at $16.25, or that the customer charge should

[29] OCA St. 6 at 5-40.
[30] OCA St. 1 at 61.
[31] OCA St. 1 at 61.
[32] UGI St. 11-R at 20.

increase no more than the total increase in revenues allocated to the residential customer class.[33] Based on the Settlement revenue requirement and associated revenue allocation, that amount would be $17.84, an increase of $1.59.[34] OCA witness Deupree's recommendation was based on four key issues: UGI's proposed customer charge would be the highest in Pennsylvania; the indicated per-customer costs for residential customers; impact on incentives to conserve energy and invest in energy efficiency; and the impact of a customer charge increase on low-income customers.

UGI's current residential customer charge of $16.25 is already close to the Pennsylvania investor-owned NGDC average of $16.66 per month.[35] As further stated by OCA witness Deupree: "[t]he Company's proposed residential customer charge of $23.00 would be well above the regional average of $17.25 per month charged by other investor-owned natural gas utilities. Indeed, the Company's proposed residential customer charge of $23.00 per month would be higher than that charged by any other Pennsylvania investor-owned natural gas utility."[36] The Commission, therefore, should not approve a customer charge which is out-of-step with other NGDCs in Pennsylvania, functionally depriving UGI's residential customers of fixed rates at a disproportionate level compared to other natural gas residential customers in Pennsylvania.

Based on his own analysis of UGI's per-customer costs for residential customers, OCA witness Deupree found that UGI witness Taylor's analysis included costs which are not appropriately included in a customer charge.[37] For example, UGI witness Taylor included universal service costs in his customer charge analysis[38], even though these costs are recovered on

[33] OCA St. 1 at 69.
[34] *Infra*, Sec. III.B.2. $16.25 * (1 + 9.77%) = $17.84.
[35] OCA St. 1 at 64.
[36] OCA St. 1 at 64.
[37] OCA Exh. MWD-8.
[38] Tr. 412.

a full and current basis through UGI's Rider F and not a customer charge.[39] OCA witness Deupree found that the current customer charge recovers sufficient customer-related revenue to warrant staying at its current level in this proceeding.[40]

Further, as noted by OCA witness Deupree, national public policy analysts and other regulatory commissions have also noted the importance of low customer charges in sending adequate price signals to incent customer conservation efforts.[41] UGI, by contrast, proposed to increase the portion of a residential customer's bill at the noticed level of usage that is occupied by the customer charge from 14.3%[42] to 18.6%[43], and the majority of a residential customer's bill increase, at the noticed level of usage and at UGI's proposed distribution revenue increase, is coming from the increase to the customer charge.[44] If UGI's proposed $23.00 customer charge is adopted, current UGI customers will have distorted price signals compared to present rates as to the effectiveness of energy efficiency and conservation efforts on their typical bill. This is contrary to the long-standing policy to promote conservation through rate design.[45]

Finally, OCA witness Deupree presented significant testimony on the impact of a customer charge increase to low-income customers.[46] While UGI witness Taylor asserted that UGI's confirmed low-income population has an average usage higher than that of the residential class excluding low-income customers, constraining low-income customers to *only* confirmed low-income customers misses the mark.[47] Rather, UGI under-confirms its low-income population by

[39] UGI Exh. F, Supplement No. 63 to UGI Gas – Pa. P.U.C. No. 7, at Eighteenth Revised Page 58.
[40] OCA St. 1 at 62.
[41] OCA St. 1 at 65-67.
[42] $16.25 / $113.64 = 0.143.
[4343] $23.00 / $123.55 = 0.186.
[44] UGI St. 1 at 8 (providing the noticed increase for residential heating customers). $6.75 / $9.91 = 0.681, or 68.1% of the noticed residential bill increase is occupied solely by the customer charge increase.
[45] *See PECO Gas 2020* at *152 ("Improved price signals can translate into more economically efficient energy usage").
[46] OCA St. 1SR at 18.
[47] OCA St. 1SR at 18-19.

approximately 42%, distorting the data relied upon by UGI witness Taylor,[48] and fails to capture customers that may still be asset constrained or otherwise struggling with bill affordability.[49] As the Commission identified in Columbia 2025:

> [F]or low income customers who have reduced their usage to fit a budget, the bill increase, associated with the shifting of costs to the customer charge, represents another obstacle to financial stability. The Company has not adequately rebutted the notion that the ability of consumers (the most vulnerable of which are low income customers not enrolled in CAP) to save money on their distribution bills through energy efficiency investment or conservation is reliant on a bill structure that bases the recovery of costs on volumetric throughput.[50]

For these reasons, the OCA recommended that the Commission deny a proposed increase to UGI's residential customer charge which exceeds the overall increase in revenues assigned to the residential customer class.

CAUSE-PA, similarly, presented significant testimony that the residential customer charge should not increase.[51] However, CAUSE-PA witness Cicero testified that an increase in the customer-charge may be acceptable if the Commission (1) granted UGI a rate increase and (2) permitted UGI to implement a second WNA Pilot.[52] Specifically, because a WNA would produce higher charges during warmer-than-normal periods if UGI's volumetric rate is higher, an increase in the customer charge would mitigate this additional impact by resulting in a lower volumetric rate.[53] Because the Settlement includes a rate increase and a second phase of the WNA Pilot, Mr. Cicero's conditions for approval of a customer charge increase were met.

The Settlement provides:

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[48] OCA St. 6 at 51-53.
[49] *See* OCA St. 1SR at 18-19; OCA St. 6 at 17-23 (describing affordability challenges for households which would not qualify as "low-income" under UGI's definition of "confirmed low-income").
[50] *Columbia 2025* at *179-80.
[51] CAUSE-PA St. 1 at 50-55; CAUSE-PA St. 1SR at 32-34.
[52] CAUSE-PA St. 1 at 55.
[53] *Id.*

> 38. Monthly Customer Charges. The monthly customer charges shall be those proposed by the Company except as set forth below:
>
> > a. Rate R/RT: $19.00 effective as of the date specified in Paragraph 3(a) and $20.00 effective as of the date specified in Paragraph 3(b).[54]

The agreed-upon residential customer charge phase-in increase from $16.25 to $19.00 and $20.00 is overall in the public interest as a part of the full Settlement. The final Settlement increase is well within the range of results that the parties could have expected from litigation, taking into consideration the testimony of all witnesses and Commission precedent in similar cases. However, the addition of the phase-in of the customer charge increase mitigates the impact of the increase on customers. Moreover, the Settlement also mitigates the potential litigation risk that UGI's residential customers would be subject to rate shock if the Commission authorized a $23.00 customer charge. The Commission recently affirmed that gradualism is an appropriate consideration when setting a fixed customer charge.[55] While the OCA disagrees with the analysis utilized by the Commission in *Columbia 2025* to determine whether the proposed customer charge increase would violate the principle of gradualism –looking at the customer charge increase compared to the system average increase at the filed revenue requirement increase request, instead of the increase in revenue assigned to the residential class at the authorized revenue requirement increase[56] – the Settlement residential customer charge increase is less than twice UGI's overall requested distribution revenue increase following both phases of the Settlement revenue requirement increase.[57]

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[54] Settlement ¶ 38.
[55] *Columbia 2025* at *181-82.
[56] *Columbia 2025* at *182.
[57] Based on an overall distribution revenue increase request of $99.368 million and present rate revenues of $815.579 million, an increase of 12.18%, the $2.75 Phase 1 increase to the residential customer charge would be 1.39 times the overall requested increase from present rates and the $1.00 Phase 2 increase would be 1.89 times the overall requested increase from present rates.

Further, it balances the Company's interest in maximizing the amount of revenue from residential customers which is collected through fixed charges with the interests of the OCA and CAUSE-PA in minimizing any increase to residential fixed customer charges. The Settlement provides a reasonable compromise regarding the customer charges and should be approved as in the public interest. Rates were designed in a manner which addressed the OCA's concerns regarding affordable customer charges and mitigating rate shock by including a phase-in of the customer charge increase over two years, consistent with the overall revenue increases agreed-upon in the Settlement. The Settlement represents a reasonable compromise, balancing the interests of the Company and consumers with respect to both revenue allocation and rate design.

2. Revenue Allocation (Settlement ¶ 39)

The primary dispute regarding revenue allocation in this proceeding was whether to select the allocated cost of service study (ACOSS) proposed by UGI, using the average and excess (A&E) method, or that proposed by the OCA, which used the peak and average (P&A) method, to allocate the costs of UGI's distribution mains. UGI's A&E method uses a system load factor[58] to weight the average component, which "represents each rate class's average hourly energy consumption throughout the test year," and the inverse of the load factor to weight the excess component, or "each class's contribution to system peak demand in excess of the class's average daily consumption."[59] UGI utilizes a load factor of 40.5%, meaning that 40.5% of mains costs are assigned based on average daily usage and 59.5% are allocated based on excess demand.[60]

[58] A system load factor is a ratio of the annual throughput for a test year divided by the product of the peak day demand during the test year and 365 days. OCA St. 1 at 44. A high load factor indicates a small difference between annual and peak demands, whereas a low load factor indicates a larger difference, such as for customer classes that use natural gas for space heating purposes. *Id.*
[59] OCA St. 1 at 51-52.
[60] UGI St. 11 at 14.

By contrast, the OCA's P&A method uses an alternative system load factor to weight the average energy component and the peak demand components, instead of excess demand.[61] While the P&A method often uses a pure 50%/50% weighting for the energy and demand components, the OCA's proposal uses data that is specific to UGI for an allocation of mains costs 57.7% based on daily energy usage and 42.3% on peak demand.[62] The following table compares the results of UGI's and the OCA's respective recommended ACOSS results:

Comparison of OCA and UGI ACOSS Results, as Measured in Rate of Return (ROR) and Relative Rate of Return (RROR)* (Class ROR / UGI ROR)[63]				
Rate	OCA P&A ACOSS ROR	OCA P&A ACOSS RROR	UGI A&E ACOSS ROR	UGI A&E ACOSS RROR
R	5.36%	0.82	5.20%	0.79
N	7.09%	1.08	6.55%	1.00
DS	8.98%	1.37	9.34%	1.43
LFD	7.01%	1.07	9.57%	1.46
XD	15.34%	2.34	17.02%	2.60
IS	14.26%	2.18	14.26%	2.18
Total	6.55%	1.00	6.55%	1.00
*An RROR of 1.00 indicates that a class is earning its indicated cost of service, whereas an RROR of greater than 1.00 indicates that a class is over-earning and an RROR of less than 1.00 indicates that a class is under-earning.				

The OCA recommended that the Commission adopt its proposed P&A method to allocate the cost of UGI's distribution mains because UGI's proposed A&E study treats excess demand as incremental investment beyond designing the system to meet average demands.[64] Demand and energy are separate and different components of how a utility determines to build out its distribution system in order to meet throughput requirements and remain profitable, instead of

[61] OCA St. 1 at 54.
[62] OCA St. 1 at 54.
[63] OCA Exh. MWD-3 at 1, MWD-5 at 1.
[64] OCA St. 1SR at 15.

meeting class-specific requirements.[65] For example, UGI's mains extension policy is driven by whether the annual revenues (i.e., energy) warrant investment in UGI's distribution system.[66]

The OCA also recommends that the Commission consider non-cost factors such as gradualism and equity when allocating revenue in this proceeding. Namely, as stated by OCA witness Deupree, "under the Company's proposed revenue apportionment, Rate XD and IS customers will receive a small rate decrease, while the residential customer class will receive a 15.05 percent rate increase, equal to 1.24 times the proposed system average increase."[67] Instead, OCA witness Deupree recommended that "the Commission cap the rate increase to any single customer class to no more than 1.15 times the system average increase and also remove all proposed rate decreases in the current proceeding."[68] The following table compares UGI's and the OCA's recommendations:

Comparison of OCA and UGI Revenue Allocation Proposals, as Measured in Percentage Increase and Relative Increase at UGI Proposed Revenue Requirement[69]

Rate	OCA Proposed Increase (Decrease)	OCA Proposed Relative Increase (Decrease)	UGI Proposed Increase (Decrease)	UGI Proposed Relative Increase (Decrease)
R	14.01%	1.15	15.05%	1.24
N	13.49%	1.11	14.39%	1.18
DS	0.00%	0.00	1.97%	0.16
LFD	13.49%	1.11	1.25%	0.10
XD	0.00%	0.00	(0.16%)	(0.01)
IS	0.00%	0.00	(0.32%)	(0.03)
Total	12.18%	1.00	12.18%	1.00

The Settlement provides:

[65] OCA St. 1 at 54.
[66] UGI Exh. F, Tariff Rule 5 at Tariff pages 35-36.
[67] OCA St. 1 at 58. Rate XD serves extra large firm delivery service customers, while Rate IS serves interruptible rate customers, which are both subject to contract rates that are not set in a Section 1308(d) general rate increase request.
[68] OCA St. 1 at 58.
[69] OCA Exh. MWD-6, MWD-7.

Revenue Allocation. The revenue increase shall be achieved in accordance with the revenue allocation set forth in **Appendix B**. [70]

Cost of service testimony was also entered into the record by the OSBA. OSBA witness Ewen generally accepted the Company's ACCOSS results and revenue allocation but recommended that no rate decrease be assigned to any customer class.[71] OSBA witness Ewen recommended that, instead of assigning rate decreases to Rates XD and IS, UGI instead decrease the revenue increases assigned to Rates DS and LFD by the same amount.[72] The following table reflects the revenue allocation agreed upon in the Settlement:

Settlement Revenue Allocation (dollars reflected in thousands)[73]

Rate	Present Rate Revenues	Settlement Phase 1 Increase (Decrease)	Settlement Phase 2 Increase (Decrease)	Settlement Total Increase (Decrease)	Settlement Increase (Decrease)	Settlement Relative Increase (Decrease)
R	$496,109	$29,722	$18,725	$48,447	9.77%	1.23
N	$162,547	$9,429	$5,875	$15,304	9.42%	1.18
DS	$36,024	$286	$200	$486	1.35%	0.17
LFD	$588,792	$700	$200	$900	0.15%	0.02
XD	$39,155	$(64)	$0	$(64)	(0.16)%	(0.02)
IS	$22,953	$(73)	$0	$(73)	(0.32)%	(0.04)
Total	815,579	$40,000	$25,000	$65,000	7.97%	

As can be seen from the above table, the Settlement revenue allocation tracks UGI's as-filed revenue allocation proposal closely. While the OCA submits that adoption of its P&A ACCOSS methodology, associated revenue allocation, and gradualism and equity constraints would have resulted in a more just and reasonable result for UGI's ratepayers, the revenue allocation provisions of the Settlement were necessary to secure a comprehensive settlement of all issues. At the scaled back Settlement authorized revenue increase, subject to the phase-in of rates

[70] Settlement ¶ 39.
[71] OSBA St. 1 at 10-12.
[72] OSBA St. 1 at 12-13.
[73] Settlement App'x B.

over two years, the harms associated with UGI's as-filed revenue allocation proposal are largely mitigated. A revenue allocation in accordance with the OCA's litigation position would have resulted in similar revenue increases on a dollar basis for Rate R and N customers, though the revenue allocated to these customer classes would have been a lesser amount.

The OCA will have the opportunity to fully litigate UGI's use of the A&E ACCOSS methodology in its next rate case. However, based on the record before the Commission in this proceeding, the OCA submits that the Settlement revenue allocation is within the range of reasonable results and was a critical component of reaching a unanimous Settlement in this proceeding. As part of the comprehensive, unanimous Settlement, the proposed revenue allocation is in the public interest.

C. WEATHER NORMALIZATION (Settlement ¶¶ 40-43)

OCA witness Deupree described UGI's proposed WNA as follows:

> The Company's WNA is a ratemaking mechanism that adjusts customer bills during the heating season (October through April) based on deviations from what the Company defines as "normal" weather. Specifically, the mechanism applies a formula using the ratio of normal heating degree days ("NHDDs") to actual heating degree days ("AHDDs") and applies that ratio to the weather-sensitive portion of each customer's usage to generate either a credit or a surcharge on the customer's bill. A three-percent deadband is used to prevent minor weather variations from triggering bill changes. The WNA is limited to weather-related usage changes and applies to residential customers, excluding Customer Assistance Program ("CAP") customers, as well as small commercial customers.
>
> ***
>
> Weather normalization adjustments are generally used to reduce revenue volatility that results from fluctuations in weather which can lower customer gas usage and thus reduce a utility's recovery of fixed costs through volumetric rates. The intent is to provide more predictable revenues for the utility while smoothing customer bills. However, this goal must be balanced with customer protections to ensure the mechanism does not systematically overcharge customers or remove all utility risk.[74]

[74] OCA St. 1 at 30 (footnotes and citations omitted).

At the evidentiary hearings, UGI witness Taylor described in detail the step-by-step calculation for how the WNA that ultimately appears on customers' bills is calculated by UGI.[75]

Through the end of the 2024-2025 heating season, UGI collected approximately $90.7 million in net WNA revenues from customers.[76] While the Company has provided net WNA credits as of February 2026 for the 2025-2026 heating season[77], the grand total number of months that the WNA has produced credits is six, out of 28 total months, or 21% of the time.[78] As UGI witness Taylor described it, though the WNA calculation, itself, is designed to be able to produce both credits and charges, that does not mean that the results that customers see are equitable.[79]

UGI proposed several modifications to its existing WNA pilot as part of this proceeding, which OCA witness Deupree described as follows:

> The Company is proposing to extend its current WNA pilot mechanism for an additional five years beyond its current expiration in October 2027. The Company is also proposing to adopt a ten-year historical average of HDDs for WNA calculations in place of the current 15-year average. However, the Company does not recommend applying the normalization period on a rolling basis unless the Commission also adopts the same approach for determining base-rate billing determinants. Instead, the Company proposes that the ten-year normals be updated in future base rate proceedings.[80]

Pursuant to Paragraph 58 of the Settlement in UGI's most recent rate increase request, UGI committed to review its customer communication materials, remove the month of May from the WNA effective period, remove CAP customers from the customers subject to the WNA, include additional information in its reporting obligations, and to affirmatively end the first WNA Pilot unless affirmatively extended by Commission order.[81] UGI also committed to submit a report and

[75] Tr. 413-17.
[76] OCA St. 1 at 34-35.
[77] UGI St. 11-R at 37.
[78] OCA St. 1SR at 7.
[79] Tr. 427.
[80] OCA St. 1 at 31.
[81] *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2024-3052716, Joint Petition for Full Settlement (July 9, 2025).

recommendation on transitioning to a 10-year period for calculating the weather normal used to compute its billing determinants and the WNA.[82]

The OCA recommended that UGI's request to extend its WNA Pilot for an additional five-year term should be denied or, in the alternative, that the Commission should condition its approval on the following modifications to the proposed WNA: increase the deadband from three percent to five percent and eliminate the month of October from the proposed WNA's effective period.[83]

The OCA's recommendation is based on the proposed WNA Pilot extension's historical inequitable results, inherent inequity, failure to satisfy the Commission's policy factors regarding alternative ratemaking mechanisms, lack of adequate consumer protections, and disproportionate impact on non-CAP low-income customers.[84] Importantly, UGI's WNA has not historically been favored by its customers.[85] CAUSE-PA and the OSBA also submitted testimony recommending that the proposed WNA Pilot extension be denied, with certain modifications if an extension is approved.[86]

The Settlement provides:

> 40. Term. The Company will conduct a new pilot with respect to its Weather Normalization Adjustment ("WNA"), i.e., the "Second WNA Pilot,". The Second WNA Pilot will commence on November 1, 2027, and run through the date of entry of an order in the Company's next base rate proceeding.
>
> 41. Methodology. For the Second WNA Pilot, the parties agree that UGI Gas will continue the use of its existing WNA methodology, yet implement the use of a 5% deadband.
>
> a. The Second WNA Pilot will use the Heating Degree Days ("HDDs") produced by the 10-year normal weather used to determine the Company's base rates and the actual experienced HDDs for the period from November 1 through April 30.

[82] UGI Exh. JDT-2.
[83] OCA St. 1 at 35-39, 70.
[84] *See* OCA St. 1 at 30-39; OCA St. 1SR at 6-11; OCA St. 5 at 17-18; OCA St. 5SR at 8; OCA Exh. MWD-1.
[85] *See*, *e.g.*, *Aed v. UGI Utilities, Inc. – Gas Div.*, 2025 PA. PUC LEXIS 77 (Order Mar. 13, 2025).
[86] CAUSE-PA St. 1 at 55-67; CAUSE-PA St. 1SR at 36-43; OSBA St. 1 at 14-17.

b. Under the Second WNA Pilot, the WNA will not apply to customers enrolled in the Company's Customer Assistance Program ("CAP").

42. Renewal. UGI Gas agrees to file for renewal, revision, extension, or elimination of the Second WNA Pilot as a part of its next base rate case. The parties reserve the right to challenge the renewal, revision, or extension of the Second WNA Pilot.

43. Existing WNA Methodology. The Company's WNA methodology in the proposed tariff in this proceeding (UGI Gas Exhibit F Proposed) will be approved and remain in effect through the billing month of April 2027.[87]

This Settlement reflects a significant compromise to permit the continuation of the WNA Pilot. However, these Settlement provisions are consistent with the OCA's alternative recommendation and the Commission's recent determination in *Columbia 2025*. In *Columbia 2025*, the Commission authorized Columbia Gas of Pennsylvania, Inc., to extend its WNA pilot, subject to increasing the deadband from 3% to 5%, use of a 10-year average to calculate normal weather instead of a 20-year average, and removal of the month of May from the WNA effective period.[88] Based on the *Columbia 2025* decision, the OCA determined that there was potential litigation risk in requesting the Commission to deny UGI's proposal to extend its WNA pilot for an additional five-year term, despite the record in this proceeding indicating that the WNA pilot extension would not result in just and reasonable rates. Based on the adjustments to the WNA Pilot under the Settlement, the likelihood of harm is less than if UGI's pilot extension were granted as proposed. Furthermore, because the Settlement provides that the WNA pilot extension will expire at the time the Commission enters an order in UGI's next general rate increase request, which will not occur for at least two years of the WNA pilot extension's effective period, the parties to that proceeding will have the benefit of additional data regarding the equity of the pilot extension under

[87] Settlement ¶¶ 40-43.
[88] *Columbia 2025* at *185-87.

the agreed-upon modifications. As a result, the modifications to UGI's WNA pilot extension proposal are in the public interest and reflect a likely outcome of fully litigating this proceeding.

D. CUSTOMER ASSISTANCE/RELATIONS

1. Operation Share (Settlement ¶ 44)

As a part of its filing, UGI voluntarily committed to donate a total of $1 million to its hardship fund program, Operation Share, each year for its next three fiscal years, 2027 through 2029[89], in addition to a one-time supplemental donation of $500,000 for its fiscal year for 2026.[90] This is an increase from current annual donation levels of $584,000 in UGI's fiscal year for 2025.[91] Customers can qualify for an Operation Share grant of up to $600 if they earn at or below 250% of the Federal Poverty Level (FPL), have not received an Operation Share grant in the last 12 months, have an outstanding balance on their bill, provide adequate information to demonstrate an inability to pay, and have discussed their options with UGI's credit department.[92]

The OCA submitted significant evidence that UGI's residential customers are experiencing significant affordability pressures. OCA witness Deupree recommended that the Commission consider current macroeconomic conditions, such as high levels of prolonged inflation on consumer goods, when determining just and reasonable rates in this proceeding.[93] OCA witness Colton assessed the affordability of UGI's natural gas distribution rates, specifically, particularly through the lens of unaffordability for low-income customers in UGI's service territory.[94] Mr. Colton stated that "UGI does a poor job of then enrolling its Confirmed Low-Income customers into [its Customer Assistance Program (CAP)]"[95] as well as the federal Low-Income Home Energy

[89] UGI St. 12 at 2.
[90] UGI St. 12 at 9.
[91] UGI St. 12 at 12.
[92] CAUSE-PA St. 1 at 76.
[93] OCA St. 1 at 7-20.
[94] OCA St. 6 at 5-40.
[95] OCA St. 6 at 51.

Assistance Program (LIHEAP).[96] He further testified that "the average per-household Operation Share grant amount in [November 2025 through January 2026] declined," despite UGI's increase in spending during the period.[97] Because UGI filed a rate proceeding so quickly after the 2025 rate case Settlement was reached, it is unclear whether the 2025 rate case Settlement commitments regarding Operation Share – reducing the income documentation required and permitting UGI more flexibility to reallocate Operation Share budgets between its operating divisions – have been effectuated.[98]

CAUSE-PA witness Cicero testified that UGI's commitment to donate a total of $1 million to Operation Share represents a reduction from the fiscal year 2026 Operation Share budget, as a result of UGI's voluntary $500,000 contribution and the contribution required under its 2025 rate case Settlement.[99] Mr. Cicero recommended that UGI, at a minimum, continue its donations at 2026 levels of $1.584 million, or increase its contribution levels to offset the affordability impact of the proposed rate increase.[100]

The Settlement provides:

> Operation Share. The Company shall provide a one-time payment to Operation Share in the amount of $250,000 in October 2026. This contribution will be in addition to the $1,000,000 contribution identified in the direct testimony of Hans G. Bell, UGI Gas St. No. 1. After the initial $250,000 in hardship fund contribution is made, UGI Gas shall maintain no less than $1.5 million in total annual contributions (inclusive of the $1,000,000 identified in St. No. 1) until the effective date of rates in its next base rate case. UGI Gas will evaluate the need to maintain this contribution level in its next base rate case.[101]

This Settlement term reflects UGI's commitment to maintain its Operation Share account balance at approximately 2026 levels, as recommended by CAUSE-PA witness Cicero, until its

[96] OCA St. 6 at 52-53.
[97] OCA St. 1 at 79.
[98] OCA St. 6 at 77-78.
[99] CAUSE-PA St. 1 at 76-77.
[100] CAUSE-PA St. 1 at 77.
[101] Settlement ¶ 44.

next general rate increase request. Considering UGI's under-enrollment of its confirmed and estimated low-income customer population in its bill discount program and in federal energy assistance programs, the additional donation to Operation Share funding is likely to benefit UGI's low-income customers, especially those that were turned away from CAP or LIHEAP due to income eligibility concerns. Further, the evidence of record indicates that UGI has been able to award much of its available Operation Share funding, meaning that it is also likely that the additional Operation Share funding will translate into direct benefits for low-income customers as more funding becomes available to meet the substantial arrearage balances accrued by UGI's customers.[102]

In the OCA's expert opinion based on a thorough analysis of this issue, and considering prior Commission decisions in this area, this positive outcome for consumers could not have been achieved through litigation of this case. For these reasons, this Settlement provision is in the public interest and is an important component of the overall Settlement agreement.

2. Social Security Numbers (Settlement ¶ 45)

UGI collects Social Security Numbers (SSNs) from 99.3% of its customers to run a credit check on these customers through a third-party credit service and retains SSNs in perpetuity without providing customers with advance notice of UGI's use and retention of the SSNs.[103] UGI did not propose any adjustments to its SSN collection or retention policies as part of this proceeding, including in response to the OCA's testimony regarding these policies.[104]

OCA witness Colton testified that the Commission should affirmatively prohibit UGI from collecting SSNs on a going forward basis and should be directed to seek out alternatives to the use

[102] CAUSE-PA Exh. 3-SR.
[103] OCA St. 6 at 71-72.
[104] UGI St. 13-R at 14-15.

of collecting SSNs, due to the use of SSNs in enabling the crime of identity theft.[105] As Mr. Colton stated:

> The use of SSNs by private entities is one of the leading causes of identity theft. SSNs, along with a person's date of birth and name, are the three most sought-after pieces of personal information sought by identity thieves. According to the 2007 report of the Presidential Task Force on Identity Theft, a person's SSN is the single most important piece of personally identifiable information available to identity thieves. Unlike names and addresses, which can change over a person's lifetime, it is "virtually impossible" for a person to change his/her SSN.
>
> SSNs are viewed as a "breeder document" by identity thieves, a fact that UGI conceded it is aware of. With a Social Security Number, an identity thief can create other false documents supporting a false identity, including a driver's license, retail credit account, credit card account, bank account, and similar papers. Indeed, given the lack of a standard protocol for truncating SSNs, even truncated SSNs are not helpful in preventing identity theft. While some businesses truncate the first five digits of an SSN, other businesses truncate the last four. Not only can SSNs thus be reformulated with information from multiple sources, but those multiple sources need also not be illicitly gained. Public documents such as tax liens, driving histories, voter registrations, bankruptcies, and the like, are all publicly available information which might be used to match all or part of an SSN obtained from a utility record with a specific individual.[106]

The risk of the undisciplined collection and retention of SSNs is sufficient that federal agencies have cut back on their own usage of SSNs, and the Federal Trade Commission has recommended that the unnecessary collection and retention of SSNs be eliminated, past two decades.[107] SSNs are also not effective means to suit UGI's stated needs of identity verification because they are widely known or knowable.[108] While the OCA did not recommend a specific alternative to the collection and retention of customer SSNs for identity verification purposes[109], it is under no

[105] OCA St. 6 at 65.
[106] OCA St. 6 at 65-66 (citations and footnotes omitted).
[107] OCA St. 6 at 67-69.
[108] OCA St. 6 at 70.
[109] OCA St. 6SR at 21.

obligation to do so.[110] Instead, the OCA supported UGI conducting efforts to eliminate the collection of SSNs and to eliminate all retained SSNs.[111]

The Settlement provides:

> Social Security Numbers. UGI Gas agrees to undertake a study that will identify the feasibility of ceasing the use of customer social security numbers, any associated policy/system changes required and the cost thereof, and the timeline for implementation. UGI Gas agrees to provide the results of the study to the parties to this proceeding on or before October 1, 2027.[112]

This Settlement provision reflects the thesis of the OCA's recommendation. The continued collection and retention of customer SSNs at the time of application, as indicated by the evidence of record in this proceeding, presents a significant threat to almost all of UGI's customers. By agreeing to study the feasibility of transitioning to a different identity authentication methodology, UGI commits to developing a better record on how exactly that transition should take effect and the costs of making that transition. This type of information would not be accessible to a non-utility party during the limited time frame of litigating a general rate increase request and will provide evidence needed to make concrete policy changes within UGI's infrastructure, resulting in safer, more reasonable utility service. Therefore, this Settlement term is in the public interest and should be accepted by the Commission.

3. Cost Effective Growth (Settlement ¶ 46)

The OCA did not submit evidence or testimony on issues pertaining to the Cost Effective Growth terms contained in the Settlement. Therefore, the OCA defers to the Statements in Support submitted by the parties which submitted evidence and/or testimony on such issues.

[110] 66 Pa. C.S. § 1501.
[111] OCA St. 6SR at 22.
[112] Settlement ¶ 45.

4. Expanded Arrearage Forgiveness (Settlement ¶ 47)

OCA witness Colton testified that, at present rates, "[u]nless UGI Gas addresses the volatility in monthly bills, the Company places at risk substantial seasonal billings."[113] Namely, "[t]here is a population of low-income customers for whom the lack of resources, as well as income will make it highly unlikely that their past-due account balances can or will be retired."[114] Mr. Colton's analysis supporting this conclusion is based on a comparison of mean and median residential usage, bills, and arrears, which showed that the mean level of arrears "is substantially higher than the median," which "demonstrates that there the distribution of low-income customers with arrears is skewed toward a high incidence of customers with higher-than-average arrears."[115] Based on the data presented in Mr. Colton's testimony, while customers are often able to pay down arrears accrued during higher billing, colder months in the course of the lower billing, warmer months, the lack of resources available to low- and moderate-income households during the current period of low affordability presents a substantial risk to those households should *any* increase in UGI's cost of service be established.[116]

OCA witness Colton testified that UGI could do better to identify and recognize customers with an inability to pay due to a lack of resources, as such customers struggle more to respond to the monthly volatility in bills.[117] Notably, these data reflect a period during which UGI's first WNA pilot was in effect,[118] indicating that the existence of the WNA is insufficient to address seasonal volatility in bills. The inability-to-pay gap widening, as examined in Mr. Colton's testimony, "represents a serious increase in the financial risk to UGI Gas."[119]

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[113] OCA St. 6 at 30.
[114] OCA St. 6 at 31.
[115] OCA St. 6 at 26-31.
[116] OCA St. 6 at 31-32.
[117] OCA St. 6 at 32.
[118] *See* OCA St. 6 at 26-32 (collecting data from October 2023 and January 2026).
[119] OCA St. 6 at 32.

Furthermore, Mr. Colton identified that "from 20% to more than 30% of households [in Pennsylvania] with income less than $75,000 reported being unable to pay an energy bill, or unable to pay the full bill amount, either 'almost every month' or in 'some months.'"[120] If one assumed that UGI's service territory is accurately reflective of the Commonwealth-wide data, it is reasonable to conclude that nearly three-of-ten UGI Gas residential customers in 2024 (more than 197,000) could not pay the full bill, in almost every, some, or one or two, months."[121] Particularly low-income customers often turned to their savings accounts, selling off personal property, or borrowing money from friends or family in order to try to pay their monthly utility bills.[122]

OCA witness Colton provided significant data, demonstrating that UGI's confirmed low-income customers are in substantially greater arrears than residential customers as a whole, the arrearage balances for confirmed low-income customers are more than 60% higher than those of residential customers generally, and, as a result, UGI "resorts to nonpayment service disconnections more frequently for Confirmed Low-Income customers."[123] Even though "'[t]ermination of public utility service is the most serious consequence of customer non-payment and *is viewed as a last resort* when customers fail to meet their payment obligations,'" UGI too often resorts to the use of termination for nonpayment, resulting in substantially higher write-offs for confirmed low-income customer revenues.[124] Mr. Colton concluded that UGI's collection activities are inefficient, payment arrangements are not functional alternatives to termination, as is clear from the fact that UGI gas a disproportionate number of payment-troubled confirmed low-income customers compared to other Pennsylvania natural gas utilities.[125]

[120] OCA St. 6 at 34.
[121] OCA St. 6 at 34.
[122] OCA St. 6 at 35-36.
[123] OCA St. 6 at 44.
[124] OCA St. 6 at 44-45 (*quoting* 2024 BCS annual Report at 11).
[125] OCA St. 6 at 46-47.

Based on this analysis, OCA witness Colton recommended that the Commission consider household resources, in addition to bill affordability, when setting rates in this proceeding.[126] Further, Mr. Colton recommended that UGI should improve its identification of low-income customers, its enrollment of low-income customers in CAP, its marketing of budget billing to customers experiencing payment difficulties, and its credit and collection techniques.[127] Finally, Mr. Colton recommended that the cost of UGI's credit and collection activities be shared equally between UGI's ratepayers and shareholders, reflecting the inefficiency, ineffectiveness, and inadequacy of UGI's current credit and collections practices.[128]

The Settlement provides:

Expanded Arrearage Forgiveness Pilot Program.

> a. Beginning on April 1, 2027, UGI Gas will implement an Expanded Arrearage Forgiveness Pilot Program that will remain in place through the effective date of rates established in its next base rate case. This program will be available to active customers with income levels of 151% to 300% of the Federal Poverty Income Guidelines ("FPIG"). UGI Gas will provide an eligible customer with the option of a 24-month payment plan on 50% of their current arrears. UGI Gas will require the customer to enroll in budget billing. Once enrolled, 50% of the arrears will be deferred (the "deferred balance"). For each in full payment that the customer makes on their budget bill plus their arrears payment arrangement amount, UGI Gas will forgive 1/24th of the customer's deferred balance. Forgiveness dollars will be fully recoverable through the Company's Rider F – Universal Service Program ("USP"). The parties agree that cost recovery for the expanded arrearage forgiveness program will be capped at a maximum of $0.90 on the average residential customer's monthly bill. Once the program reaches the cap, the Company will stop enrolling new customers in the Expanded Arrearage Forgiveness Pilot Program. The Company shall track the yearly balances and present a yearly accounting in the next base rate filing.
>
> b. If a customer participating in the Expanded Arrearage Forgiveness Pilot Program defaults on their payment arrangement, they will be permitted to catch up all missed payments and earn forgiveness so long as they are a

[126] OCA St. 6 at 40.
[127] OCA St. 6 at 40-41.
[128] OCA St. 6 at 50.

> customer. UGI Gas will provide billing information consistent with the treatment of CAP customers that are past due, i.e., these customers will only see the past due amount on their arrangement/budget and not the total arrearage.
>
> c. During the term of the Expanded Arrearage Forgiveness Pilot Program, a customer will only be able to participate in the pilot for one set of arrearages.
>
> d. In its next base rate case, the Company will provide an analysis of the function of the Expanded Arrearage Forgiveness Pilot Program and propose whether it should continue or be terminated. [129]

This provision of the Settlement represents a significant compromise among the Settling Parties and will provide an important benefit to low-to moderate-income customers who are struggling to pay their bills but may be ineligible for other forms of assistance. Namely, due to UGI's disproportionately high level of arrears, poor success rate for payment arrangements, and poor enrollment of its confirmed low-income customers in its CAP, its customer base are nearing a level of arrearages which cannot be addressed or mitigated during lower billing periods. By establishing an arrearage forgiveness pilot for low- to moderate-income households, UGI will better address the affordability gap created by a lack of adequate household resources to handle current, pressing affordability challenges and an increase in its distribution rates. Further, the structure of the proposed pilot program incents responsible customer payment behavior by requiring 24 in-full payments under a budget billing plan, mitigating seasonal volatility in the customers' bills while still requiring in-full payments. The cost containment provisions of the pilot further ensure that customers that are not enrolled in the pilot program are not providing unreasonable intra-class subsidization; rather, the amount collected from unenrolled customers reflects un-incurred bad debt expenses, if the enrolled customer were to have been terminated for nonpayment, instead, meaning that the costs of arrearage forgiveness are reasonable. Due to the

[129] Settlement ¶ 47.

novelty of the pilot program for UGI's customers, the commitment to review the pilot's successes or failures in UGI's next general rate increase request ensures that the pilot program can be modified or terminated if UGI's credit and collection results remain poor. Because UGI must improve its credit and collection activities to ensure that it is not providing inadequate, inefficient, and/or unreasonable service, this provision of the Settlement is in the public interest and should be approved by the Commission.

Further, this Settlement provision is just one example of an agreement that could provide substantial benefits to consumers yet is difficult or potentially impossible to quantify in terms of economic benefits. The point being that not all agreements within a settlement can easily be reduced to an algebraic equation, but viewing this Settlement in its entirety shows that consumers will benefit from many of its terms that do not specifically have a precise dollar value attached to them.

5. Website Information (Settlement ¶ 48)

UGI did not propose adjustments to the information offered on its website regarding access to advocacy resources. The OSBA recommended that "UGI provide the OSBA's contact information and a description of the services the OSBA offers on the Company's website."[130]

The Settlement provides:

> Website Information. UGI Gas Company will include OSBA's and OCA's contact information and a description of their services on the Company's website. The Company will also include a link to the Pennsylvania Bar Association's free legal answers. The information should be included at a prominent location on the relevant customer service page of the website.[131]

This Settlement provision promotes greater access to information regarding the resources ratepayers can turn to if they have questions regarding their natural gas service directly on UGI's

[130] OSBA St. 1 at 3.
[131] Settlement ¶ 48.

website. Since customers already have familiarity with UGI and may not be aware of other resources that can provide assistance with utility matters, including the OCA and the OSBA, providing this information prominently on UGI's website will better inform UGI's customers of their options for assistance. The inclusion of the Pennsylvania Bar Association's free legal answers as a resource assists customers who have legal questions regarding their utility service, which the OCA and the OSBA may not be able to provide. Increasing awareness of these resources is a significant benefit to UGI's customers. Therefore, this provision of the Settlement is in the public interest.

6. Victims of Domestic Violence (Settlement ¶ 49)

The Settling Parties agreed to the following provision:

> Victims of Domestic Violence. UGI Gas will update protections for victims of domestic violence to also accept a written certification from a domestic violence counselor/advocate. This information will be treated as non-public and confidential information under the Company's confidentiality protocols for victims of domestic violence.[132]

Although no party provided testimony on this issue, the OCA supports this provision as reasonable and in the public interest. This provision provides additional protection for UGI's most vulnerable customers, beyond that which is currently required by the Commission's regulations in Chapter 56[133] and the Commission's proposed modification for Chapter 1.[134] The Commission, through Chapter 56, provides specific provisions and exemptions in the areas of utility debt, billing, termination, and customer complaint procedures for victims of domestic violence.[135] However, these provisions apply only to "victims of domestic violence with a Protection from

[132] Settlement ¶ 49.
[133] 52 Pa. Code §§ 56.251-56.453.
[134] *Regulations Governing the Public Utility Commission's General Provisions, 52 Pa. Code Chapters 1, 3, and 5 (relating to Rules of Administrative Practice and Procedure; Special Provisions; and Formal Proceedings*, Clarified Notice of Proposed Rulemaking Order and Annex at 72 (Aug. 22, 2024).
[135] 52 Pa. Code §§ 56.251-56.453.

Abuse (PFA) order or a court order issued by a Court of Competent Jurisdiction in this Commonwealth which provides clear evidence of domestic violence."[136] The Commission's proposed modification to Chapter 1 utilizes the same language.[137] Utilities thus are not required to provide protections to victims of domestic violence unless they can produce a PFA or Pennsylvania Court order.

The settlement provision as adopted by the settling parties allows for the protections under Chapter 56 and the proposed modification to Chapter 1 to be applied to victims of domestic violence, who may be in the beginning stages of the process of receiving a PFA or other similar court order, who may either choose not to pursue a PFA or court order from a Pennsylvania Court or who, for a variety of reasons, are otherwise unable to obtain a PFA or court order from a Pennsylvania Court. Allowing victims of domestic violence to provide a written certification from a domestic violence counselor/advocate permits the individual to receive appropriate protections and relief without the additional requirement of having completed going through the Pennsylvania Court system. As this Settlement provision broadens the availability for some of UGI's most vulnerable customers, it is in the public interest and should be adopted by the Commission.

7. Security Deposit Refunds (Settlement ¶ 50)

OCA witness Colton found that "UGI Gas is in substantial non-compliance with the PUC's low-income deposit exemption requirements."[138] Specifically, Mr. Colton testified that UGI collects security deposits from low-income customers unless they apply for CAP, even if they do not, or intend to, enroll in CAP.[139] UGI does not track whether security deposits have been collected from customers that are confirmed to be low-income, including whether those security

[136] 52 Pa. Code § 56.251.
[137] Clarified Notice of Proposed Rulemaking Order and Annex at 72.
[138] OCA St. 6 at 59.
[139] OCA St. 6 at 59-60.

deposits should be, or have been, refunded.[140] Under the Commission's regulations, a low-income customer does not need to provide income documentation to warrant a waiver of a security deposit; rather, the customer must only attest to their eligibility for state benefits based on household income.[141] There is no requirement that the customer's income be verified through a CAP application process.[142] For example, a customer that receives state benefits through the Commonwealth is able to utilize COMPASS application screenshot or printout to demonstrate income eligibility for a security deposit exemption.[143] As a result, the OCA recommended that UGI be directed to modify the processes and procedures under which it collects security deposits from and refunds security deposits to customers who are exempt under the Commission's regulations.[144]

The Settlement provides:

> Security Deposit Refunds. UGI Gas will initiate a monthly review of security deposits and refund all security deposits being held from accounts designated as "income verified low income" to the customer within 30 days.
>
> a. UGI will amend Tariff Rule 3.3 (f) to change the words "and become enrolled in the Company's CAP" to "and are confirmed to be eligible for the Company's CAP". This amendment is reflected in Appendix A to this Settlement.
>
> b. UGI Gas will modify its processes and procedures regarding the low-income exemption from deposits. UGI Gas will accept *any* information beyond information on income and household size that would "attest to" the household's eligibility for a state benefit that is consistent with CAP income requirements. The Company will meet in a collaborative within 90 days of a final order in this proceeding to discuss with interested parties how COMPASS information may be used to confirm low-income customer exemption from deposits.[145]

[140] OCA St. 6 at 59-60.
[141] OCA St. 6 at 62; 52 Pa. Code §§ 56.32(e), 56.41(B)(4).
[142] OCA St. 6SR at 16.
[143] OCA St. 6 at 54.
[144] OCA St. 6 at 62.
[145] Settlement ¶ 50.

This Settlement provision is a reasonable compromise that improves UGI's compliance with the Commission's regulations. Currently, UGI's tariff reads: "For existing customers that already have monies paid against a security deposit and become enrolled in the Company's customer assistance programs, the Company will provide the customer a direct refund of the security deposit amount, along with applicable interest."[146] By changing the language of this provision to permit a refund of a low-income customer's security deposit upon confirmation of income eligibility for a customer assistance program, instead of merely upon enrollment, better reflects the customer's choice as to whether to enroll in an assistance program. Further, this change precludes a customer's inability to enroll in an assistance program from preventing income-eligible receiving a deposit refund to which they are entitled under the Commission's regulations.

In addition, UGI's commitment to modify its processes and procedures regarding low-income exemptions from security deposits to accept any information which would attest to a customer's income eligibility for a security deposit exemption is more consistent with the Commission's regulations. UGI should not be requiring customers to confirm income eligibility for an assistance program in order to quality for a security deposit exemption, so UGI's commitment to permit other forms of income eligibility is an important step towards regulatory compliance. For these reasons, this provision of the Settlement is in the public interest and should be accepted by the Commission.

[146] UGI Exh. F.

8. Low Income Screening (Settlement ¶ 51)

As stated *supra*, Mr. Colton testified that "UGI does a poor job of [] enrolling its Confirmed Low-Income customers into [its Customer Assistance Program (CAP)]"[147] as well as the federal Low-Income Home Energy Assistance Program (LIHEAP).[148] Specifically:

> UGI Gas has identified fewer than 60% of its estimated low-income population as "Confirmed Low-Income" according to data which it reports to BCS. According to the BCS data, in 2024, UGI Gas identified only 58% of its estimated low-income population as "Confirmed Low-Income," an increase from 54% in 2023, but still missing more than two-of-five low-income customers.[149]

Further, "UGI Gas data documents that consistently more than 40,000 Confirmed Low-Income customers are not enrolled in CAP."[150] Importantly:

> More than seven-of-ten disconnected customers that UGI Gas had a reasonable belief to be low-income were not enrolled in LIHEAP Crisis, the federal program designed to prevent such disconnections. As can be seen in the Company's data, low-income customers can receive both Cash and Crisis grants, but do not.[151]

As a result, Mr. Colton recommended:

> that Confirmed Low-Income customers who are negotiating a deferred payment agreement (DPA) with the Company, as well as customers from whom the Company receives information placing them in an income tier of 0% to 150% FPL, should be provided a stand-alone written Plain Language notice informing those customers of their right, in the alternative, to enroll in the Company's CAP (along with an explanation of the advantages of CAP's arrearage forgiveness provisions).[152]

The Settlement provides:

> Low Income Screening.
>
> a. UGI Gas will inform all new and moving customers that UGI Gas has reduced billed rates for income eligible households. UGI Gas will inquire whether these customers would like to provide their income to learn

[147] OCA St. 6 at 51.
[148] OCA St. 6 at 52-53.
[149] OCA St. 6 at 51.
[150] OCA St. 6 at 51.
[151] OCA St. 6 at 53.
[152] OCA St. 6 at 54-55.

> if they qualify. If a customer wants more information, UGI Gas will provide additional information on the program and eligibility.
>
> b. UGI Gas will ask all non-emergency callers at the outset of the call whether as part of the call they would like to hear information regarding customer programs that provide reduced billed rates for income eligible households.
>
> c. UGI Gas customers identified as low income through these regular screening processes will be offered an opportunity to enroll in the Company's CAP at that time and, if they are not able to be enrolled shall be referred for enrollment in CAP and other universal service programs – as well as the Low Income Home Energy Assistance Program ("LIHEAP").[153]

These Settlement provisions are consistent with the recommendations of Mr. Colton that UGI improve its outreach and screening for low-income customers who may be eligible for CAP. As Mr. Colton noted, UGI is obligated ensure that its customers that are eligible for more than one rate receive the rate that is most beneficial to them.[154] By conducting additional screening during UGI's "touch points" with customers, UGI will be more actively engaged in ensuring that income eligible customers are informed of their right to enroll in CAP. Therefore, this Settlement provision is in the public interest and should be approved by the Commission.

9. Low-Income Outreach and Assistance Pilot Program (Settlement ¶ 52)

Mr. Colton's above analysis regarding UGI's enrollment of its low-income customers in CAP considered the results of UGI's Low Income Customer Assessment and Outreach Pilot. The Pilot program was established pursuant to UGI's 2021 rate case Settlement, and affirmatively continued in the 2025 rate case Settlement, in which "agreed to engage a third party consultant, selected through a competitive bid process, to engage in a low income identification and outreach program."[155] UGI estimated that it had enrolled 385 customers in CAP in the first 30 days that the

[153] Settlement ¶ 51.
[154] OCA St. 6 at 55 (*quoting* 66 Pa. C.S. § 1303).
[155] OCA St. 6 at 57.

Pilot had been in effect in 2026 as a result of the Pilot.[156] However, "given the fact that the launch of this Pilot occurred fewer than six weeks prior to the time this testimony is being written, there has been insufficient time to assess the effectiveness or efficiency of the Pilot."[157] Because of the limited available data on the Pilot since the 2025 rate case Settlement, the OCA recommended "that UGI Gas be directed to provide its Low-Income Advisory Committee regular three month reports on the operation and effectiveness of its Low-Income Customer Assessment and Outreach Pilot."[158]

The Settlement Provides:

> Low-Income Outreach and Assistance Pilot Program. The parties agree that UGI Gas will provide updates on the progress of its Low-Income Customer Assessment and Outreach Pilot, which was established as a part of the Commission-approved Settlement at Docket No. R-2024-3052716, at each of its Universal Service Advisory Committee ("USAC") meetings (i.e., between 2 to 4 times per year).[159]

This Settlement provision reflects UGI's adoption of the OCA's recommendation to provide reports regarding the operation and effectiveness of the Pilot. Providing these status updates requires little additional effort from the Company while ensuring that stakeholders remain informed regarding the Pilot and, at the USAC meetings, retain the ability to provide input and feedback on the Pilot and UGI's collection of data. For these reasons, this provision of the Settlement is in the public interest and should be adopted by the Commission.

10. Field Conduct (Settlement ¶ 53)

UGI's filing did not include any presentation of its customer service performance or discussion of its implementation of consumer protection and service quality conditions ordered in its 2025 base rate case.[160] UGI has not sufficiently complied with the agreed upon settlement

[156] OCA St. 6 at 57.
[157] OCA St. 6 at 58.
[158] OCA St. 6 at 58.
[159] Settlement ¶ 52.
[160] OCA St. 5 (PUBLIC) at 6.

provision to develop additional training materials regarding making personal contact with customers prior to termination.[161] The 2025 settlement term stated:

> 84. UGI Gas will develop additional training materials for its field representatives by April 1, 2026, regarding making personal contact with customers prior to termination and will incorporate these materials into the training of its field representatives. UGI Gas will consult with stakeholders for input related to the training materials and incorporate agreed-upon modifications.[162]

OCA witness Alexander testified that UGI's revised training materials do not sufficiently respond to the 2025 settlement provision above.[163] Ms. Alexander identified outstanding concerns and noted areas where UGI should further revise its materials to ensure field service technicians have the appropriate information and training for making personal contact with customers prior to termination.[164] OCA witness Alexander recommended that as part of any increase granted in this rate case, UGI should be required to further reform the revised training materials in line with her concerns to ensure compliance with the 2025 settlement.[165]

The Settling Parties agreed to resolve their differences over this issue, as follows:

> Field Conduct.
>
> a. UGI Gas will develop a field training manual that sets forth the conditions that would require its field employees to not proceed with termination under the Commission's regulations at 52 Pa. Code § 56.94(1). UGI Gas will submit a draft of this field training manual to its USAC within 90 days of the date of entry of a final order approving this Settlement.
>
> b. UGI Gas agrees that, beginning in the FPFTY, it will provide a dedicated reporting process for field workers to report customers identified as potentially being in distress or in need of assistance so that appropriate Company or community partners can conduct outreach. Beginning in the FPFTY and on an annual basis, UGI Gas will conduct mandatory training for all field employees to inform them of the program. The training will instruct employees on how to recognize observable indicators, including

[161] OCA St. 5 (PUBLIC) at 14-15.
[162] *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2024-3052716, *et al*., Joint Petition for Approval of Settlement at ¶84 (July 9, 2025).
[163] OCA St. 5 (PUBLIC) at 14.
[164] *See* OCA St. 5 (PUBLIC) at 14-15.
[165] OCA St. 5 (PUBLIC) at 8,at 14-15.

> health concerns, confusion or disorientation, and unsafe home or equipment conditions, as well as the appropriate procedures for referring customers through the dedicated reporting process.[166]

Under the Settlement, UGI agrees to develop a field training manual setting forth conditions under which its field technicians cannot terminate service under the Commission's Chapter 56 regulations, and to submit at draft to its USAC within 90 days of a final order. UGI also agreed to a timeframe for training its field technicians on how to identify customers in need of support and the appropriate procedures for referring such customers for outreach by the company or community partners. UGI's agreement to develop a field training manual for its field technicians regarding compliance with Chapter 56 and to train its field technicians on identifying customers in need of assistance address Ms. Alexander's concerns.[167] UGI's agreement will provide more easily accessible training materials for its field employees that will potentially result in fewer terminations as field technicians understand their responsibilities under Chapter 56 and can access the dedicated referral process to better support customers facing termination of service. This provision of the Settlement ensures that UGI is able to meet its 2025 Settlement commitments by providing additional detail and clarification regarding what the 2025 Settlement, and the Commission's regulations, require from UGI. As such, this Settlement provision is in the public interest and should be adopted by the Commission.

11. Targeted Customer Communications (Settlement ¶ 54)

In its filing, UGI did not provide information about its communications with customers regarding supplier shopping and how to compare the prices charged by a Natural Gas Supplier (NGS) with UGI's price to compare (PTC), but did provide information in response to discovery by the OCA and CAUSE-PA. OCA witness Alexander testified that UGI did move their PTC to

[166] Settlement ¶ 53
[167] *See* OCA St. 5 (PUBLIC) at 14-15.

the front page of the customer's bill, complying with the 2025 Joint Settlement provision.[168] However, Ms. Alexander recommended further revisions to more directly link the presentation of the NGS charges with the PTC by "tell[ing] the customer to compare this rate to the NGS 'commodity charge.'"[169]

Additionally, OCA witness Alexander reviewed UGI Gas' calculations of how much residential transportation (RT) customers paid to their Natural Gas Supplier (NGS) compared to UGI's price to compare (PTC).[170] Those calculations revealed that "[f]rom January 2025 through December 2025, [RT] customers paid $17,044,378.67 more to their NGS compared to the PTC" and that "76.7% of these customers paid more than the PTC."[171] Ms. Alexander also reviewed UGI's standardized information about retail choice found on its website, as well as the "box on its 'UGI Connections' bill inserts that advertises the right to choose an alternative supplier and specifically notes 'customers may save money by shopping for a supplier.'"[172] Ms. Alexander testified that UGI does not provide any customer specific communications about comparing NGS charges to the PTC and that UGI should be required to address this issue because it affects the affordability of basic and essential natural gas service.[173]

To better inform customers about their likelihood of paying more to an NGS as compared to the PTC, OCA witness Alexander recommended that

> UGI eliminate their prominent statement in the bill insert materials that retail choice may have the potential to 'save' since that is not the actual experience for the vast majority of residential customers that choose an NGS. The Company should include information in its FAQs and customer bill inserts about the right to choose and explain that the risk of higher prices is documented and how to avoid higher prices and bills. UGI should explain

[168] OCA St. 5 (PUBLIC) at 18.
[169] OCA St. 5 (PUBLIC) at 18; OCA St. 5SR at 8.
[170] OCA St. 5 (PUBLIC) at 23; OCA St. 5 Exh. BA-7 (UGI Gas Response to CAUSE PA 5-10).
[171] OCA St. 5 (PUBLIC) at 23.
[172] *Id.* at 23.
[173] *Id.* at 23, 25.

> how to shop and compare NGS prices during the entire term of the contracts and alert customers to the potential for a change in the NGS price after any initial promotional prices and how NGS variable rates can reflect volatile changes in the wholesale market. This fact-based content is justified by the actual results of residential customer shopping as documented both historically and most recently in UGI's analysis provided in this proceeding.[174]

Ms. Alexander further recommended that "UGI develop targeted communication to customers with NGS charges that increase significantly over the PTC to alert them to compare that price to the PTC and include a calculation that documents this difference in the customer's recent bill(s)."[175]

The Settling Parties agreed to resolve their differences over this issue, as follows:

> Targeted Customer Communications. UGI Gas will convene a collaborative of interested stakeholders, including the parties to this proceeding, to discuss the development of targeted customer communications regarding natural gas shopping within 60 days of the entry of an order approving the settlement. As part of the collaborative, UGI Gas will propose additional and/or more targeted customer communications to assist customers in ensuring affordability for basic natural gas service due to high natural gas supplier ("NGS") charges that appear on the customer bill that UGI Gas collects under threat of termination of service.[176]

The above Settlement provisions represent a reasonable compromise to address Ms. Alexander's concerns. If this proceeding were fully litigated, the Commission may not require UGI to implement additional and/or more targeted customer communications to assist customers in understanding whether their bills could be more affordable by choosing UGI's default supplier charge. It is also important that the parties to the proceeding are given the opportunity to review and discuss the additional customer communications proposed by UGI to ensure that the communications are clear and fully address party concerns. The proposed collaborative allows the parties to offer feedback on UGI's proposed communications that will help improve overall

[174] OCA St. 5 (PUBLIC) at 25.
[175] *Id.* at 25:11-14.
[176] Settlement ¶ 54

customer communication and education about shopping for alternative suppliers and better assist customers with understanding natural gas shopping. As such, these Settlement provisions represent a reasonable compromise that the Settling Parties may not have obtained through litigation and are in the public interest. Moreover, this agreement reached through settlement is one more example of an issue that cannot be readily reduced to any specific dollar value, but may provide substantial benefits to customers who choose to shop.

12. Customer Service (Settlement ¶¶ 55-56)

In its filing, UGI did not address any customer service performance indicators or compliance related issues as reported to the Commission, nor did it discuss ongoing implementation of customer service conditions from its 2025 rate case.[177] OCA witness Alexander noted her concern regarding UGI's failure to present this information as part of a new base rate case[178] as well as her concern that the rate base case was filed before the deadline for many of UGI's commitments agreed to in the 2025 Joint Settlement.[179]

Ms. Alexander testified that UGI had not complied with its "soft" obligation as set forth in the 2025 rate case settlement to continue meeting its 2024 performance results,[180] which UGI denied in rebuttal.[181] Ms. Alexander noted that in 2025, UGI maintained its 2024 call answering metric of answering 86% of customer calls within 30 seconds, however, this data included IVR calls and did not measure the answering performance for customers who entered the IVR and selected to speak to a customer representative.[182]

[177] OCA St. 5 (PUBLIC) at 6.
[178] *Id.* at 6-8.
[179] *Id.* at 12.
[180] OCA St. 5 (PUBLIC) at 12-13; OCA St. 5R at 3-6.
[181] OCA St. 5R at 3; *see* UGI St. 13R at 4-5.
[182] OCA St. 5 (PUBLIC) at 12-13.

Ms. Alexander further testified that her review of the call center performance metrics data showed that UGI's "annual average Abandonment Rate increased from 4% in 2024 to 4.7% in 2025."[183] Ms. Alexander noted her particular concern "that the monthly abandonment rate reflects a wide range of customer call performance experience, reflecting at significant deterioration with abandonment rates of 6.14% in February, 9.57% in October, and 7.51% in November 2025. Customers also experienced call answering percentages of below 80% during those same months."[184] Ms. Alexander recommended that UGI be held to its 2024 performance metrics to ensure further deterioration does not occur as a result of this base rate case.[185]

OCA witness Alexander also testified regarding UGI's internal call center performance standards and metrics, concluding that "the overall contractual provisions and specific efforts to track compliance with Pennsylvania consumer protection regulations and the Company's training documents are reasonable."[186] Additionally, Ms. Alexander supports UGI's model of oversight to third party call centers as compared to other Pennsylvania utilities.[187] To that end, Ms. Alexander recommended that the current internal UGI performance metrics be formally adopted as a benchmark for UGI's call center performance as part of any rate increase.[188]

The Settling Parties agreed to resolve their differences over these issues, as follows:

55. Customer Service.

a. During the effective years of the rates established by this Settlement, UGI Gas will maintain its call center performance at levels consistent with its average 2025-2026 (through May) performance as reported to the Commission. In working to maintain a quality level of service, UGI Gas will meet with the parties to this proceeding at least annually to discuss areas of challenge and the Company's plans to address the challenges.

[183] *Id.* at 13.
[184] *Id.* at 13.
[185] OCA St. 5R at 3, 11.
[186] OCA St. 5 (PUBLIC) at 21-22 ((internal citations omitted).
[187] *Id.* at 22.
[188] *Id.* at 22.

> b. UGI Gas has adopted internal performance and compliance-related performance indicators for its third-party call contractors. UGI Gas will report on these performance indicators in the meetings identified in subpart (a) and will include them in the direct testimony in its next base rate proceeding.[189]

The above Settlement provisions represent a reasonable compromise to maintain UGI's call center performance. Although the OCA and UGI disagree on whether the 2025-2026 call center performance levels match UGI's commitment in the 2025 rate case settlement, if this proceeding were fully litigated, the Commission may not require a targeted call center performance level with the opportunity for follow-up discussion regarding call center performance. Additionally, the Commission may not require UGI to formally adopt and report on its internal indicators for its third-party call contractors so that the Parties can determine whether performance is deteriorating. In addition, UGI commits to continue reporting on its compliance with the 2025 base rate case settlement provisions regarding Universal Service and Customer Service provisions, addressing one concern of Ms. Alexander's that UGI has not reported to the parties on its compliance with those provisions. As such, these Settlement provisions represent a reasonable compromise that the Settling Parties may not have obtained through litigation.

OCA witness Alexander testified regarding her concern that UGI had not included information about, nor reported on, its compliance with Customer Service Settlement provisions from the 2025 base rate case in its current filing.[190] Ms. Alexander additionally opined that as part of any rate increase, the Commission should continue to monitor UGI's compliance with the 2025 Joint Settlement and that UGI should report on its compliance with any new requirements.[191]

The Settlement provides that:

[189] Settlement ¶ 55.
[190] OCA St. 5 (PUBLIC) at 6-7.
[191] *Id.* at 8.

> UGI Gas will report on its compliance with the Universal Service and Customer Service provisions set forth in Paragraphs 44-55 of this Settlement, and the provisions set forth in the Commission-approved settlement at Docket No. R-2024-3052716, to the parties in these proceedings no later than October 1 of each year until it has completed all commitments. UGI Gas will also include information on each of these provisions and commitments in the next base rate case filing.[192]

This provision is important to provide Company accountability to the parties in these proceedings. It is also a reasonable means to address Ms. Alexander's concerns from UGI's current filing because the provision allows the parties to monitor UGI's compliance with its Settlement commitments in both the prior 2025 base rate case and these proceedings in the areas of both Universal Service and Customer Service. Finally, including information about these provisions and commitments in the next base rate case filing will simplify review of UGI's Universal Service programs and Customer Service in its next filing instead of requiring witness' to request the relevant information through discovery.

E. DSIC/REPORTING (Settlement ¶¶ 58-60)

The Settlement provides:

> 58. DSIC Eligible Plant. As of the effective date of rates in this proceeding, UGI Gas will be eligible to include plant additions in the Distribution System Improvement Charge ("DSIC") at the later of (1) the end of the FPFTY, or (2) once the total Utility Plant account balance exceeds $6,676,559,000 as projected by UGI Gas at September 30, 2027 per UGI Gas Exhibit A, Schedule C-1, line 1. The foregoing provision is included solely for purposes of calculating the DSIC and is not determinative for future ratemaking purposes of the projected additions to be included in rate base in a FPFTY filing.
>
> 59. DSIC Equity Return. For purposes of calculating its DSIC, UGI Gas shall use the equity return rate for gas utilities contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities and shall update the equity return rate each quarter consistent with any changes to the equity return rate for natural gas utilities contained in the most recent Quarterly Earnings Report, consistent with 66 Pa. C.S. § 1357(b)(3), until such time as the DSIC is reset pursuant to the provisions of 66 Pa. C.S. § 1358(b)(1).

[192] Settlement ¶ 56.

> 60. Test Year Plant Reporting. The Company shall submit an update to UGI Gas Exhibit A, Schedule C-2 no later than January 4, 2027, which will include actual capital expenditures, plant additions, and retirements by month from October 1, 2025 through September 30, 2026. An additional update for actuals from October 1, 2026 through September 30, 2027 shall be filed no later than January 3, 2028.[193]

In paragraph 58, the Settlement provides that the Company will not be entitled to include plant additions in its DSIC until the later of, (1) the end of the FPFTY, or (2) once the total FPFTY account balances exceed the total eligible account balances projected by the Company as of June 30, 2027.[194] Stated differently, the Settlement clearly establishes the base level of plant investment that must be realized before any incremental expenditures can be recovered through the DSIC as well as the fact that even if this plant level is met *before* the end of the FPFTY period, no DISC can go into effect until June 30, 2027 at the earliest. This provision provides clarity with regard to the timing and implementation of a DSIC and affords protection for ratepayers that the DSIC will not begin until after the FPFTY and the plant investment noted in the settlement are reached. Furthermore, this term supports the inclusion of the phase-in of rates, whereby UGI will be permitted to begin collecting the DSIC as soon as the time that ratepayers begin paying rates on the second phase of the rate increase. Without this provision of the Settlement, the phase-in structure may not have been achieved through Settlement.

Moreover, in paragraph 59, the Settlement provides, for purposes of 66 Pa. C.S. Section 1358(b)(1) relating to the DSIC earnings cap, that it shall use the equity return rate contained in the Commission's most recent Quarterly Report on the Earnings of Jurisdictional Utilities. The OCA submits that such a provision is common element of settlements.[195]

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[193] Settlement ¶¶ 58-60.
[194] Settlement ¶ 58.
[195] *See Implementation of Act 11 of 2012*, Docket No. M-2012-2293611, Tentative Implementation Order at 14-15 (May 11, 2012).

Under paragraph 60 of the Settlement, the Company has agreed to provide to the parties a report showing its capital expenditures, plant additions and retirements for the future test year ending September 30, 2026, and for the FPFTY ending September 30, 2027.[196] Further, the Company will also provide in its next base rate proceeding a comparison of actual expenses and rate base additions for the twelve months ending September 30, 2027, to its projections in this case.[197] The OCA submits that this provision is in the public interest because it is consistent with Section 315, 66 Pa. C.S. § 315(e), which states that whenever a public utility uses a FPFTY as the basis for its rate increase, the utility shall provide appropriate data evidencing the accuracy of the estimates of its FPFTY. This reporting requirement will permit parties to compare the accuracy of the Company's projections in this matter to its actual expenditures.

Taken together, these provisions are common terms for rate case settlements and are part of ensuring that UGI does not prematurely begin collecting DSIC revenues, meets its plant investment targets, and is able to recover the costs associated with investment in reliability-related plant.

F. ACCOUNTING (Settlement ¶ 64)

As stated *supra*, UGI submitted depreciation studies, and claimed the associated depreciation expense and accumulated depreciation balance, which relied on the ELG method.[198] The OCA challenged the Company's depreciation procedure in this case, submitting that it would be in the best interests of ratepayers if the ALG procedure were used because it would significantly reduce the revenue requirement recovered through rates while still allowing the Company to

[196] Settlement at ¶ 60.
[197] *Id.*
[198] UGI St. 6 at 12.

recover the full amount of the investment over the service life of the plant.[199] The Company disagreed and wanted to continue to use the ELG Procedure Method.

Paragraph 64 of the Settlement provides:

> Depreciation Rates. For the Company's accounting purposes, UGI Gas's as-filed depreciation rates are accepted. The parties to this proceeding disagree about the appropriate depreciation method to be used by UGI Gas for ratemaking purposes, and this Settlement should not be construed as agreement to any party's methodology. All parties reserve their respective rights to address the depreciation methodology used for ratemaking purposes in any future base rate proceeding.[200]

In the Settlement, the parties agreed that the Company will use its as-filed depreciation rates for purposes of calculating its depreciation expense for accounting purposes. The proper depreciation procedure/methodologies to use for the Company's revenue requirement is the subject of continued disagreement between the Company and the OCA.[201] The OCA determined to preserve this issue for litigation in a later proceeding while moving forward with Settlement in this proceeding, based on the significant reduction in the proposed revenue increase agreed to by the Joint Petitioners. As a part of the Settlement, all parties reserve their rights to address the proper depreciation method/procedure for the Company in any future proceeding. Achieving a settlement of the accounting treatment for the depreciation rates was an integral part of achieving an overall resolution of this case, while still maintaining the right to address this issue in future proceedings.

G. GAS SAFETY (Settlement ¶¶ 67-68)

The OCA did not submit evidence or testimony on issues pertaining to the Gas Safety terms contained in the Settlement. Therefore, the OCA defers to the Statements in Support submitted by the parties which submitted evidence and/or testimony on such issues.

[199] OCA St. 4 at 24.
[200] Settlement ¶ 64.
[201] Settlement ¶ 64.

H. SUPPLIER ISSUES

1. Purchase of Receivables (Settlement ¶ 69)

In its filing, UGI sought to increase payments to the Natural Gas Suppliers (NGS) participating in its Purchase of Receivables (POR) program from 97.30% to 97.49% of the face value of the residential amounts billed.[202] CAUSE-PA witness Cicero recommended that UGI modify its POR contracts with NGSs "to require that to participate in POR and have UGI buy its receivables an NGS would have to certify that its rates are at or below the applicable default service price."[203] Mr. Cicero testified that "[i]f a supplier wants to take advantage of UGI's POR program, it should not be permitted to charge rates that are in excess of what UGI charges."[204] OCA witness Alexander supported the modification as proposed by Mr. Cicero, testifying that "[t]he modification of this policy would directly improve the affordability of UGI's bills and impact its collection costs incurred to collect higher NGS charges for the same commodity natural gas that is provided through the default service mechanism."[205]

UGI witness Rogers testified that UGI "offers its POR program consistent with the Commission's regulations and requirements," but commended CAUSE-PA witness Cicero "for focusing on an area where many customers are paying excessive costs that do not produce any incremental benefits in safety or service quality."[206] Ms. Rogers testified that NGS rates can be more volatile, it is not clear how a modified POR program would work in practice, and that UGI

[202] Book X, UGI Exhibit F - UGI Utilities, Inc. – Gas Division., Supplement No. 59 to UGI Gas – PA.P.U.C. No. 7S, Sixth Revised Page No. 115; Book XI, UGI Exhibit F - UGI Utilities, Inc. – Gas Division., Supplement No. 63 to UGI Gas – PA.P.U.C. No. 7S, Seventh Revised Page No. 115; *see also* CAUSE-PA St. 1 at 87.
[203] CAUSE-PA St. 1 at 90.
[204] CAUSE-PA St. 1 at 90.
[205] OCA St. 5R at 13.
[206] UGI St. 15R at 33.

would need to evaluate the potential costs to "facilitate the structure of a modified POR program."[207]

The Settling Parties agreed to resolve this issue as follows:

> Purchase of Receivables. Within 90 days of the approval of the Settlement in this proceeding, UGI Gas will hold a workshop with interested parties, including the parties to this proceeding, to develop annual Choice Program reporting components to provide parties with a better understanding of the function of the Choice program on affordability.[208]

The above Settlement provisions represent a reasonable compromise to look at the POR program and to provide better data to the participating parties to determine if the POR program can be modified in future base rate cases to better address how the Choice program affects the affordability of UGI's bills, especially during a time when UGI's customers are facing significant affordability pressures. If this proceeding were fully litigated, the Commission may not require UGI to develop annual Choice Program reporting so that the parties can better understand its impact on affordability. As such, this Settlement provision represents a reasonable compromise that the Settling Parties may not have obtained through litigation.

2. Daily Imbalance Trading (Settlement ¶ 70)

The OCA did not submit evidence or testimony on issues pertaining to the Daily Imbalance Trading terms contained in the Settlement. Therefore, the OCA defers to the Statements in Support submitted by the parties which submitted evidence and/or testimony on such issues.

3. Force Majeure (Settlement ¶ 71)

The OCA did not submit evidence or testimony on issues pertaining to the Force Majeure terms contained in the Settlement. Therefore, the OCA defers to the Statements in Support submitted by the parties which submitted evidence and/or testimony on such issues.

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[207] UGI St. 15R at 33.
[208] Settlement ¶ 69.

I. UNIVERSAL SERVICE COST RECOVERY (Settlement ¶¶ 73-74)

As part of its initial filing, UGI proposed to modify its tariff for Extra Large Firm Delivery Service, Rate XD, to allow Rate XD customers, where negotiated, to contribute to UGI's Rider F, its Universal Service Charge.[209] Rate XD is the rate classification for negotiated rate customers with projected consumption of at least 200,000 MCF per year, subject to a minimum three-year initial contract period.[210] No other UGI rate classification is able to receive the same amount of throughput on a firm basis. UGI did not provide testimony to support this proposal, except to state that it would allow "certain Rate XD customers to contribute to Rider USP and otherwise lower USP costs borne by the Company's residential customers."[211] CAUSE-PA witness Cicero testified that the Commission should require UGI to charge Rider USP to all of its customers, instead of only residential customers and Rate XD customers subject to agreement, or, in the alternative, require Rate XD customers to contribute to Rider USP costs.[212]

The Settlement provides:

> 73. UGI Gas's proposal to assign universal service costs to Rate XD on a negotiated basis is accepted as filed.
>
> 74. UGI Gas agrees to include a proposal for universal service and DSIC contributions each time it enters into contract negotiations with a Rate XD customer beginning on and after October 1, 2026, or the first day of the first month after the Commission enters an order approving the settlement. [213]

This Settlement provision reflects the agreement of all parties to this proceeding that, should Rate XD agree to contribute to Rider USP as part of their service contract with UGI, they should be permitted to do so. Universal service costs are "public policy costs" under the Public Utility Code that "[t]he commission shall ensure…are appropriately funded and available in each

[209] UGI Exh. F.
[210] UGI Exh. F.
[211] *See* UGI St. 10 at 22 (mentioning the proposed tariff change).
[212] CAUSE-PA St. 1 at 79-83.
[213] Settlement ¶¶ 73-74.

natural gas distribution service territory."[214] Further, the Public Utility Code specifically states that nothing in the Code "shall be construed to prohibit public funding or voluntary funding by third parties of a natural gas distribution company's universal service and energy conservation programs."[215] In its recent Order regarding tariffs for large load customers, the Commission reaffirmed that its long-standing policy and declared "'[n]o rate class should be considered routinely exempt from CAP and other universal service obligations.'"[216] In that Order, the Commission also stated that new, large load electric customers should be required to contribute the electric utility's universal service program costs.[217]

Because Rate XD reflects UGI's equivalent of a "large load" class for an electric distribution company, permitting such customers to contribute to UGI's universal service program costs is consistent with recent guidance for electric utilities as well as long-standing direction that no customer class is guaranteed to avoid cost responsibility for universal service program costs. By requiring UGI to propose the allocation of universal service and DSIC revenues to new Rate XD customers, these provisions also ensure that the option to contribute is not merely a token recognition of current residential customers' affordability concerns. For these reasons, these provisions of the Settlement are in the public interest and should be approved by the Commission.

J. TARIFF CLEANUP (Settlement ¶¶ 75-77)

The OCA did not submit evidence or testimony on issues pertaining to the Tariff Cleanup terms contained in the Settlement. Therefore, the OCA defers to the Statements in Support submitted by the parties which submitted evidence and/or testimony on such issues.

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[214] 66 Pa. C.S. § 2203(8).
[215] 66 Pa. C.S. § 2203(6).
[216] Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271, Order at 107 (May 12, 2026) (*quoting* 52 Pa. Code § 69.266).
[217] *Id.*

K. REMAINING ISSUES

The OCA does not oppose the remaining paragraphs of the Settlement reflecting an agreement by the Company, as the remaining paragraphs are reasonable compromises in consideration of possible litigation outcomes and is in the public interest.

IV. STATEMENTS OF CHAIRMAN DEFRANK AND VICE CHAIR BARROW[218]

By email on June 22, 2026, ALJ Brady stated that: "the parties are reminded that pursuant to the Statements of Chairman DeFrank and Vice Chair Barrow during the February 19, 2026, Public Meeting, the Settlement should:

1. identify the total average bill for UGI's residential, commercial, and industrial customers;

2. identify the exact percentage of rate increase that UGI's residential, commercial, and industrial customers will experience under the settlement rates compared to existing rates; and

3. a review and analysis of UGI's claimed capital structure (common equity ratio and debt capital) and return on equity (ROE) to ensure reasonableness."

In this Section, the OCA addresses these directives or otherwise identifies how these directives were met through the Settlement.

At the time that the Suspension Order in this proceeding was issued, at the Public Meeting of February 19, 2026, Chairman DeFrank issued a Statement, requesting that any Settlement in this proceeding identify the average bill increase for UGI's residential, commercial, and industrial customers as well as the exact percentage of rate increase that UGI's residential, commercial, and industrial customers will experience compared to existing rates.[219] This information is included in the Settlement as Appendix C,[220] which contains the information required to determine the total

[218] Settlement ¶¶ 78-83.
[219] *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2025-3059523, Statement of Chairman DeFrank (Feb. 9, 2026).
[220] Settlement ¶ 82, App. C.

average bill for Residential, Small Commercial, Large Commercial, and Industrial customers under the Settlement, as well as the percentage increase that will result for each of these classes on both a total bill and distribution basis.

Vice Chair Barrow also issued a Statement at the Public Meeting of February 19, 2026, urging:

> [T]he parties to take a critical look at the Company's requested rate of return and return on equity (ROE) as well as the capital structure (common equity ratio and debt capital) to ensure reasonableness. Deviations in each of these items translate into millions of dollars charged to customers of all rate classes. Too often, the relationship between debt and ROE to cost of debt and capital is asserted as a general matter from basic economic principle alone. But, those relationships are not established empirically. That empirical relationship must periodically be re-established. Therefore, I believe a careful and detailed review of UGI's claimed capital structure and ROE is warranted.[221]

In order to address the Vice Chair's Statement, the OCA provides the below analysis regarding the rate of return components addressed in its testimony in this proceeding. [222] While the Settlement does not explicitly state a capital structure or cost of debt or cost of equity components to the weighted overall cost of capital, the OCA submits that the Settlement revenue requirement reflects a reasonable compromise of the revenue requirement components, inclusive of the overall cost of capital.

UGI proposed an excessive 10.75% return on equity (ROE).[223] UGI's further requested capital structure includes a high common equity ratio consisting of 54.25% equity and 45.75% debt.[224] Vice Chair Barrow's opening statement in this case expressed concern regarding UGI's proposed capital structure and its impact to UGI's proposed rate increase.[225] As demonstrated by

[221] *Pa. PUC v. UGI Utilities, Inc. – Gas Division*, Docket No. R-2025-3059523, Statement of Vice Chair Barrow (Feb. 9, 2026).
[222] *See also* Settlement ¶ 83.
[223] OCA St. 3 at 2.
[224] OCA St. 3 at 3.
[225] OCA St. 3 at 4.

OCA witness David Garrett, UGI's proposed return on equity and capital structure were not supported by substantial evidence and would have resulted in unjust and unreasonable rates. On behalf of the OCA, Mr. Garrett recommended the following:

An overall rate of return of 6.95%,

A return on equity (ROE) of 8.8%, and

An imputed capital structure of 51% debt and 49% equity.[226]

Further, if the Commission determined to adopt UGI's capital structure, the OCA requested the Commission authorize an ROE of no greater than 8.5%, resulting in an overall weighted rate of return of 6.98%.[227]

I&E recommended that the Commission adopt an overall rate of return of 7.69%.[228] I&E accepted UGI's proposed capital structure of 54.25% equity and 45.75% long-term debt and the proposed cost of debt of 5.17%.[229] I&E proposed an ROE of 9.81%, supported by a DCF analysis, which resulted in an indicated cost of equity of 10.47%[230]; two CAPM analyses, which averaged to indicate a cost of equity of 9.25%[231]; and a national average of natural gas distribution companies' authorized ROEs, which was 9.70%.[232] I&E witness Breuning also submitted significant testimony critiquing UGI's proposed cost of equity and the supporting analysis.[233]

A lawful rate of return equals the cost of capital and accounts for utilities' relative insulation from risk compared to other investments.[234] Regulated utilities are so consistently low-risk that "[f]inancial textbooks often use utility companies as prime examples of low risk ... firms."[235] The

[226] OCA St. 3 at 3, 59, 156.
[227] OCA St. 3 at 3.
[228] I&E St. 2 at 7.
[229] *Id.*
[230] I&E St. 2 at 29-31.
[231] I&E St. 2 at 31-36.
[232] I&E St. 2 at 36-37.
[233] I&E St. 2 at 37-52.
[234] *Federal Power Commission v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[235] OCA St. 3 at 18.

United States Supreme Court's legal standard for setting a fair rate of return identifies that utility returns should be proportional to risk.[236] Thus, because UGI is a low-risk investment, UGI should have a proportionately lower cost of equity and required return. OCA witness Garrett's testimony reflects "the two most widely used and widely-accepted financial models for calculating cost of equity in utility rate proceedings: the [Capital Asset Pricing Model] CAPM and [Discounted Cash Flow] DCF Model."[237]

Because Vice Chair Barrow identified the important connection between capital structure and return on equity, this section addresses them in turn. First, this section explains how the OCA evaluated capital structure in alignment with Vice Chair Barrow's statement, and how that consideration was incorporated into the settlement. Second, this section explains how the OCA evaluated ROE in connection with PPL's capital structure, and how that consideration was incorporated into the settlement.

a. Capital Structure

OCA witness Garrett testified that for ratemaking purposes, the Commission needs to set a fair rate of return and a key component of that is capital structure.[238] Mr. Garrett testified that UGI's equity rich capital structure exacerbates "the unwarranted, excessive transfer of wealth from customers to UGI's shareholders."[239]

Precedent recognizes that the Commission may make adjustments to a utilities capital structure where circumstances may be unfair to customers. The Pennsylvania Superior Court held

[236] *Wilcox v. Consolidated Gas Co. of New York*, 212 U.S. 19, 48 (1909); *Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923); *Federal Power Commission v. Hope Natural Gas Co*., 320 U.S. 591, 603 (1944).
[237]OCA St. 3 at 3, 37, 59. The Commission primarily relies on the DCF and uses "the CAPM as a check upon the reasonableness of the DCF derived equity return." *Pa. PUC v Aqua Pennsylvania, Inc.*, Docket No. R-2021-3027385, 2022 Pa PUC LEXIS 161, *83, (Opinion and Order entered May 16, 2022) (*Aqua 2022*).
[238] Tr. at 586.
[239] OCA St. 3 at 4.

that the capital structure of utilities that are wholly-owned subsidiaries may not be one which it would maintain if it were obliged to obtain its debt and equity financing on the open market rather than from a parent company.[240] The Court further explained:

> In such instances the actual capital structure may be weighted too heavily on the debt side or the equity side…The use of the actual capital structure in such peculiar circumstances might be unfair to either the utility or its customers, depending upon whether debt or equity is disproportionately high. Under such circumstances the commission must make adjustments based upon substantial evidence in order to reach a fair result.[241]

According to Value Line, the average capital structure mix for the proxy group consists of 51% debt and 49% equity.[242] This debt ratio is notably higher than UGI's proposed capital structure consisting of roughly 46% debt.[243] There are nearly 2,000 firms in U.S. industries with higher debt ratios than 50% and with an average debt ratio of approximately 63%.[244] OCA witness Garrett testified that UGI Corp., UGI's parent company, has a long-term debt ratio of 58% which is significantly higher than what UGI is proposing for ratemaking purposes.[245] UGI has too much equity on its balance sheet to be considered a fair capital structure when compared it to the capital structure of its parent company and the average capital structure of the proxy group.[246] Mr. Garrett further testified:

> [E]ven if you completely disregard the concept of fairness, it's just more of an economically sound and correct way to account for the difference in financial risks between UGI and the proxy group. So it's more specifically in the cap end. For rate making purposes, you either need to set the utility's capital structure equal to the average capital structure of the proxy group, or you would have to adjust your cap end result lower, which is my alternative recommendation in this case actually. The commission really wants to have UGI's rate making and actual capital structure the

[240] *Riverton Consol. Water Co. v. Pa. PUC*, 140 A.2d 114 at 121 (Pa. Super. 1958).
[241] *Id.*
[242] OCA St. 3 at 52.
[243] *Id.*
[244] OCA St. 3 at 53.
[245] OCA St. 3 at 5.
[246] Tr. at 586.

> same. And really it's indicated cost of equity under the cap end, it's 8.5 percent instead of 8.8 percent based on that mathematical adjustment.[247]

Simply put, UGI failed to meet its burden of proof in establishing that a 54.25% equity ratio is supportable or reasonable for ratemaking purposes. Mr. Garrett explained how this discrepancy harms ratepayers when he testified:

> Since the parent company has a debt ratio of 58%, this means UGI Corp. is using debt to finance the Company's "equity." Since the Company also issues its own debt, this strategy is known as "double leverage." While this arrangement is not problematic among competitive firms, it often results in unfair, excessive returns for regulated utilities to the extent there is not an adjustment made by the regulator. If no adjustment is made, shareholders of the parent company effectively earn a high-cost equity return on low-cost debt. In fact, UGI Corp's earned ROE last year was 15.2%, which is significantly higher than its cost of equity, or even the inflated ROEs typically authorized by regulators.[248]

OCA witness Garrett further testified that the Commission can mitigate the excessive return that would otherwise occur through double leveraging by imputing a capital structure that is equal to the proxy group average.[249] Mr. Garrett testified that it is unfair to not account for double leveraging when determining UGI's ratemaking capital structure.[250] Mr. Garrett explained how double leveraging is unfair to consumers because it allows the shareholders of a parent company to get a high equity return on low-cost debt.[251]

Based on this analysis, the OCA considered UGI's capital structure and the impact that it has on equity and rates when it determined to join the Settlement in this proceeding. Namely, the Settlement revenue requirement reflects a capital structure within the range of reasonable results that could have been achieved in this proceeding. Furthermore, as the OCA views the issue of capital structure – regardless of the clear and potent impact that establishing a ratemaking capital

[247] Tr at 587.
[248] OCA St. 3 at 5-6.
[249] OCA ST. 3 at 6.
[250] Tr. at 588.
[251] Tr. at 588.

structure has on a utility's customers, particularly when considering the artificial inflation of projected capital structures through double-leveraging – as an area of significant litigation risk. By declining to state a specific capital structure in the Settlement, the OCA preserves the issue for a future Commission determination.

b. Return on Common Equity (ROE)

As described *supra*, notwithstanding the equity-rich capital structure, UGI proposed an unreasonable ROE of 10.75%.[252] This proposal does not reflect UGI's consideration of the impact that the proposed rate increase would have on its customers, their ability to afford their bills at the increased amount, or the risk to UGI from setting an artificially inflated ROE associated with customers' inability to afford a rate increase.[253] Put simply, UGI's as-filed position does not accurately reflect the ROE that would be earned if UGI were subject to competition.

The OCA recommended an 8.8% ROE based on OCA witness Garrett's discounted cash flow (DCF) and capital asset pricing model (CAPM).[254] Mr. Garrett's DCF results ranged from 7.6% to 8.2%.[255] Mr. Garrett's CAPM analysis produced an ROE of 8.7%.[256] OCA witness Garrett averaged the results of the DCF and CAPM analysis to arrive at a recommended ROE of 8.8%.[257]

OCA witness Garrett applied a DCF analysis based on analyst growth projections and another based on sustainable growth projections.[258] The Analyst Growth DCF Model resulted in a 8.2% ROE and the Sustainable Growth DCF Model resulted in a 7.6% ROE.[259]

[252] OCA St. 3 at 2.
[253] *See* OCA St. 1 at 7-20 (recommending that the Commission consider the current affordability challenges UGI's customers face when setting UGI's revenue in this proceeding).
[254] OCA St. 3 at 3.
[255] OCA St. 3 at 59
[256] OCA St. 3 at 37.
[257] OCA St. 3 at 59.
[258] OCA St. 3 at 59.
[259] OCA St. 3 at 59.

There are three primary inputs in the DCF Model: 1) stock price; 2) dividend; and 3) the long term growth rate.[260] Mr. Garrett used a 30-day average of stock prices for each company in the proxy group to calculate stock price.[261] Mr. Garrett testified that it "is preferable to use a short-term average of stock prices, which represents a good balance between adhering to well-established principles of market efficiency while avoiding any unnecessary contentions that may arise from using a single stock price on a given day."[262]

When calculating the dividend, OCA witness Garrett used forward-looking annualized dividends published by Yahoo! finance.[263] Mr. Garrett testified that the stock price and dividend inputs for each proxy group are not a significant issue in this case.[264] Mr. Garrett testified that:

> Although my stock price and dividend inputs are more recent than those used by Mr. D'Ascendis, there is not a statistically significant difference between them because utility stock prices and dividends are generally quite stable. This is another reason that cost of capital models such as the CAPM and the DCF Model are well-suited to be conducted on utilities. The differences between my DCF Model and Mr. D'Ascendis's DCF Model are primarily driven by differences in our growth rate estimates.[265]

OCA witness Garrett considered two variations in his DCF models one using analysts' growth rates and one using the maximum sustainable growth rate.[266] The results of these models produced ROEs of 8.2% and 7.6%, respectively.[267]

[260] OCA St. 3 at 20.
[261] *Id*.
[262] OCA St. 3 at 21.
[263] OCA St. 3 at 22.
[264] *Id*.
[265] OCA St. 2 at 20.
[266] OCA St. 3 at 27.
[267] *Id*.

UGI witness D'Ascendis' DCF Model analyses produced an indicated cost of equity result of 10.53%.[268] However, OCA witness Garrett explained that Mr. D'Ascendis' results are overstated due to his use of unsustainably high growth rates.[269] OCA witness Garrett testified:

> Mr. D'Ascendis incorporated an annual long-term growth rate as high as 12.66% for Southwest Gas Holdings, Inc. ("SWX"). This means Mr. D'Ascendis is suggesting the company's earnings will grow by more than 12% each year, every year, in perpetuity. This growth rate estimate published by S&P Capital IQ is a short term growth rate. It is Mr. D'Ascendis, not the commercial analyst, who is suggesting that this annual earnings growth rate can be achieved each year in perpetuity, which is simply unsustainable and technically impossible. As a result, the cost of equity results indicated by Mr. D'Ascendis's DCF Model are overstated.[270]

OCA witness Garrett further supported his ROE recommendation by conducting a CAPM analysis. In this analysis, Mr. Garrett determined the appropriate values of ranges of the three model inputs: (1) risk-free rate; (2) beta, and; (3) equity risk premium.[271] OCA witness Garrett's CAPM resulted in an 8.8% cost of equity.[272]

The risk-free rate is the level of return investors can achieve without assuming any risk.[273] Mr. Garrett testified that, even though no investment is technically devoid of risk, investors often use U.S. Treasury securities to represent the risk-free rate because they accept that those securities essentially contain no default risk.[274] Mr. Garrett noted "long-term Treasury bonds are usually used to represent the risk-free rate in the CAPM."[275] OCA witness Garrett considered a 30-day average of daily U.S. Treasury yield curve rates on 30-year Treasury bonds for the risk-free rate, which result in a risk-free rate of 4.82%.[276]

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[268] OCA St. 3 at 27.
[269] OCA St. 3 at 27-28.
[270] OCA St. 3 at 28.
[271] OCA St. 3 at 29.
[272] *Id*. at 39.
[273] OCA St. 3 at 29.
[274] OCA St. 3 at 29
[275] OCA St. 3 at 30.
[276] OCA St. 3 at 30.

Beta represents the sensitivity of a given security to movements in the overall market.[277] An index, such as the S&P 500, is used as a proxy for the market portfolio.[278] A security with a beta greater than 1.0 is more sensitive to market risk than the average stock while a security with a beta less than 1.0 is less sensitive to market risk.[279] OCA witness Garrett used betas recently published by Value Line Investment Survey.[280] The beta for each proxy company is less than 1.0 with the average beta for the total proxy group being 0.83.[281] Mr. Garrett testified that this survey objectively proves that utility stocks are less risky than the average stock in the market.[282]

For the equity risk premium (ERP) component, OCA witness Garrett used two methods to estimate the ERP: (1) expert surveys and (2) calculating the implied ERP.[283] The expert survey approach to estimating ERP relies on surveys of professors, analysts, chief financial officers, and other executives, asking what experts think the ERP is.[284] The IESE Business School conducts an expert survey every year and its 2025 survey reported an average ERP of 5.5%.[285] OCA witness Garrett considered the results of expert surveys, the estimated ERP reported by Kroll, the estimated ERP calculated by Dr. Damodaran, and the implied ERP based on Mr. Garrett's calculations.[286] OCA witness Garrett used the average from these sources to arrive at the 5.1% ERP for his CAPM.[287] Mr. Garrett's ERP estimate is reasonable and falls within an appropriate range of

[277] OCA ST. 3 at 30.
[278] *Id*.
[279] *Id*.
[280] OCA St. 3 at 31.
[281] OCA St. 3 at 31.
[282] *Id*.
[283] *Id*. at 33.
[284] OCA St. 3 at 34.
[285] *Id*.
[286] OCA St. 3 at 37.
[287] OCA St. 3 at 37.

possibilities. By contrast, UGI witness D'Ascendis used an ERP estimate as high as 8.63% in his CAPM analysis.[288]

Mr. Garrett testified as follows:

> When compared with other independent sources for the ERP (as well as my estimate), which do not have a wide variance, Mr. D'Ascendis's ERP estimate is clearly not within the range of reasonableness. Mr. D'Ascendis offers various criticisms of these sources, and basically argues the Commission should accept his estimate over the opinions of hundreds of CEOs, CFOs, scholars, and an international corporate finance advising company. I would argue that investors are more likely to rely on these types of sources for the ERP than Mr. D'Ascendis's personal ERP estimate. Effectively, Mr. D'Ascendis is suggesting the Commission should adopt his ERP estimate over the opinions of thousands of unbiased experts, Kroll (a global financial advisory firm), and one of the world's leading experts on the ERP.[289]

In sum, the OCA conducted a thorough analysis of UGI's estimated cost of equity, and based on that analysis, recommended that the Commission adopted an ROE between 8.5% and 8.8%, based on the connection between UGI's capital structure and its ROE.[290] When considered with capital structure, the OCA submits that the Settlement revenue requirement is within the range of results that could have been achieved through litigation. The Settlement's lack of a specifically stated ROE does not detract from the reasonableness of the overall results.

c. Conclusion

Based on the agreements contained within the Settlement, the overall rate of return reflected in the agreed-upon increase in rates is within the range of reasonable results. This is particularly true, considering the phase-in of rates. Viewed appropriately, the Settlement rate increase reflects a compound overall cost of capital, based in part on the amount necessary to achieve the initial $40 million increase for the forecasted FPFTY plant balance, and in remaining

[288] OCA St. 3 at 40.
[289] OCA St. 3SR at 7-8.
[290] Settlement ¶ 83.

part on the second, $25 million increase, for the amount of plant which will be placed into service for the twelve month period following the FPFTY. The proposed two-year phase-in of rate increases is in line with the generally accepted ratemaking principle of gradualism which will protect consumers in the UGI service territory from the devastating effects of rate shock. The phase-in of rates is in the best interest of consumers as it will lessen the financial impact of a large rate increase on customers all at one time, and will ensure that UGI has access to sufficient resources to maintain safe, adequate, and reliable service until the stay out period has concluded. In consideration of the ability of the parties to reach a unanimous Settlement of all issues, and the unlikelihood that such a Settlement could have been achieved if the parties were required to agree to a specific capital structure and ROE, the agreed-upon revenue requirement should be considered reasonable and approved in the public interest.

V. CONCLUSION

The OCA submits that the terms and conditions of the proposed Settlement, viewed as a total package, represents a fair and reasonable resolution of the issues and claims arising in this proceeding. The OCA further submits that, for the reasons detailed above, the Commission should approve the Settlement without modification as it is in the public interest.

Respectfully submitted,

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Dated: July 6, 2026

APPENDIX J

Statement in Support of the Office of Small Business Advocate

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	**Docket No. R-2025-3059523**
v.	:	
	:	
UGI Utilities, Inc. - Gas Division	:	

STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES

I. Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate ("OSBA") filed a complaint in response to Supplement No. 63 to UGI Gas Tariff - Pa. P.U.C. Nos. 7 and 7S which were filed by UGI Utilities, Inc. – Gas Division ("UGI" or the "Company") with the Pennsylvania Public Utility Commission ("Commission") on January 28, 2026.

The OSBA actively participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Approval of Settlement of All Issues ("*Joint Petition*"). The *Joint Petition* resolves the issues raised by this office in this proceeding. Therefore, the OSBA submits this statement in support of the *Joint Petition*.

II. Standards for Approval of Settlements

Section 5.231(a) of the Commission's regulations, 52 Pa. Code § 5.231(a) (Formal Proceedings; Hearings; Settlement and Stipulations; Offers of Settlement) states, as follows:

> It is the policy of the Commission to encourage settlements.

Similarly, Section 69.401 of the Commission's regulations, 52 Pa. Code § 69.104 (Settlement Guidelines and Procedures for Major Rate Cases – Statement of Policy; General) states, as follows:

> In the Commission's judgment, the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

III. Specific Settlement Terms

A. Revenue Increase

In this proceeding, the OSBA submitted testimony in opposition to UGI's requested Return on Equity ("ROE") of 10.75%.[1]

The *Joint Petition* proposes to lower UGI's awarded revenue increase from $99.368 million down to $65 million over two years. Based upon the calculations performed by the OSBA, this implies an ROE of approximately 10.00%.

This result is consistent with the OSBA's position on this issue, and therefore the OSBA supports this reduced ROE as a just and reasonable resolution of this issue.

B. Revenue Allocation and Rate Design

In his Direct Testimony, OSBA witness Mark D. Ewen observed that UGI filed a class cost of service study ("COSS") which allocated demand costs based upon a modified load-factor

[1] OSBA Statement No. 1, at 3-5.

weighted Average & Excess ("A&E") methodology.[2] UGI's A&E COSS resulted in Rate R (residential) receiving a 9.4% distribution cost-based rate increase while Rate N (small commercial and industrial) would be receiving a 8.75% cost-based rate increase. These rate increases are in comparison to a system average increase of 8.1%.[3]

Mr. Ewen, after reviewing the Company's COSS methodology, concluded that the methodology employed by UGI was reasonable and consistent with methods the Commission has previously accepted.[4]

Mr. Ewen generally agreed with UGI's proposed revenue allocation, which was based upon the Company's COSS methodology. Nevertheless, Mr. Ewen recommended that Rates XD and IS receive no rate increases, as those classes are subject to negotiated rates.[5]

The *Joint Petition* proposes a revenue allocation that conforms to Mr. Ewen's testimony. As set forth in Appendix B, the system average increase is 5.3%, occurring over two rate years.[6] To be consistent with the results of UGI's cost and revenue allocation, Rate R will be receiving an above system average increase of 6.1% and Rate N will receive a 5.7% increase.

The OSBA supports the revenue allocation set forth in the *Joint Petition*. Consequently, the OSBA respectfully submits that the proposed revenue allocation is a just and reasonable outcome in this proceeding for Rate N.

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[2] OSBA Statement No. 1, at 9.

[3] OSBA Statement No. 1, at 12. These percentages are based upon excluding natural gas costs, as this is a distribution-rates only case.

[4] OSBA Statement No. 1, at 10.

[5] OSBA Statement No. 1, at 12.

[6] This percentage corresponds to the settlement overall distribution revenue increase of $65,001,042.

C. Weather Normalization

In his Direct Testimony, Mr. Ewen expressed several concerns about UGI's request to continue and expand its Weather Normalization Adjustment ("WNA") program.[7] The OSBA has repeatedly expressed its concerns that a WNA does not provide the correct pricing signals to a utility's small business consumers.

Nevertheless, a compromise was reached in this proceeding. Specifically, the *Joint Petition* proposes that UGI's WNA will now have a 5% deadband.[8]

The OSBA supports this change as it will reduce the fluctuation in rates experienced by UGI's small business consumers due to the vagaries of the weather.

D. Consumer Assistance / Relations

UGI has had a small business payment plan in place since the conclusion of the Company's 2025 rate case.[9]

As set forth in the *Joint Petition*, UGI agrees to place that small business program into the Company's Tariff.[10] The OSBA appreciates UGI's agreement in this regard.

In addition, under the settlement, the Company will convent a collaborative of interested stakeholders to discuss the development of targeted consumer communications regarding natural gas shopping and related affordability issues.[11] The OSBA intends to participate in this collaborative.

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[7] OSBA Statement No. 1, at 17.

[8] *Joint Petition*, Paragraph 41.

[9] *Joint Petition*, Paragraph 77.

[10] *Id.*

[11] *Joint Petition*, Paragraph 54.

IV. Conclusion

Therefore, for the reasons set forth in the *Joint Petition*, as well as the factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJs and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,

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Dated: July 6, 2026

APPENDIX K

Statement in Support of the Retail Energy Supply Association

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission, et al	:	
	:	
v.	:	Docket No. R-2025-3059523
	:	
UGI Utilities, Inc. – Gas Division	:	

STATEMENT IN SUPPORT OF SETTLEMENT
OF THE RETAIL ENERGY SUPPLY ASSOCIATION

TO THE HONORABLE F. JOSEPH BRADY:
TO THE HONORABLE ALPHONSO ARNOLD III:

NOW COMES, the Retail Energy Supply Association ("RESA"), by and through its counsel in this matter, HMS Legal LLP, and hereby submits this Statement in Support of the Settlement ("Settlement") in the above-captioned matter and requests the Presiding Administrative Law Judges ("ALJs") and the Pennsylvania Public Utility Commission ("Commission"), to approve the terms of the Settlement in their entirety and without modification. In support thereof, RESA states as follows:

I. INTRODUCTION

The Retail Energy Supply Association ("RESA") intervened in the UGI Utilities Inc. – Gas Division ("UGI") rate case with several objectives, including ensuring UGI's full compliance with the provisions of UGI's recently concluded "last" rate proceeding; advocating for additional safeguards for suppliers to avoid UGI's harsh penalty structure and directly addressing the extreme nature of UGI's penalties; and raising awareness of UGI's unique affiliate relationship and its perils. RESA presented the direct and surrebuttal testimony of Christopher Reyes, an employee

of NRG who has 20 years of natural gas supplier experience with UGI's gas service. In his two rounds of testimony, Mr. Reyes criticized UGI's lack of communication and failure to inform suppliers that the changes from the last rate case had been implemented. Mr. Reyes also proposed, as mitigation measures to deal with the potential negative consequences of UGI's draconian penalty provisions, that UGI develop a daily imbalance trading program, similar to its current, monthly imbalance trading, and that UGI develop a force majeure ("FM") policy and place it in the UGI tariff so that there is a clear understanding among all parties that force majeure is available, and the circumstances under which it can be applied are clear. Mr. Reyes addressed UGI's penalties and also sounded the alarm once more over his experience-based concerns regarding UGI's relationship with its affiliated NGS.

The Settlement addresses most of the currently "live" issues and is a reasonable compromise of RESA's position and the positions taken by UGI. The Settlement also is a reasonable compromise in what it does not contain, namely acceptance of the illegal and ill-advised changes to the Purchase of Receivables ("POR") program detailed in the testimony of Mr. Cicero on behalf of CAUSE-PA.

As a general matter, RESA supports the Settlement as a reasonable compromise that is in the public interest, and which is just and reasonable. UGI's agreement to investigate the feasibility and cost of implementing daily imbalance trading, and its agreement to implement specific agreed-to language on FM as a tariff provision will ultimately create more certainty and structure to the market in its territory. UGI has also agreed to reduce the per MCF charge for no notice service ("NNS") by $0.02 which will make a difference to customers purchasing that service and which will reduce the subsidy that those customers provide to the PGC which makes the market more favorable to default service if customers are making that comparison. As discussed in more detail

below, RESA submits that the Settlement should be approved as submitted and without modification.

III. SPECIFIC SETTLEMENT TERMS

H. SUPPLIER ISSUES

Description

A. Purchase of Receivables

i. Within 90 days of the approval of the settlement in this proceeding, UGI Gas will hold a workshop with interested parties to develop annual Choice Program reporting components to provide parties with a better understanding of the function of the Choice program on affordability.

RESA understands that affordability of utility service is concern for the Commission and customers as well. Like competitors in most markets, RESA's members and other Natural Gas Suppliers ("NGS") seek to provide competitive products and services that provide customers with valuable alternatives to utility default supply. RESA is happy to participate in a process that will explore reporting that will allow the Parties and the Commission to better understand the important role that Choice plays in keeping prices in check.

B. Daily Imbalance Trading

Daily Imbalance Trading. UGI Gas will conduct a study to evaluate the feasibility of and cost associated with offering daily imbalance trading. The Company will provide the results of that study to the parties to this proceeding on or before March 1, 2027. Further, the Company will address the study on daily imbalance trading in its 2027 PGC, including any cost recovery associated with the implementation of IT upgrades necessary to facilitate daily imbalance trading.

As part of the Settlement, UGI has agreed to investigate the feasibility and cost of implementing daily imbalance trading. Daily imbalance trading allows NGS, that may have overdelivered gas on a particular day, perhaps because a large customer had to shut down or any one of a number of reasons, to move that gas to the account of some other supplier that for whatever

reason was short gas on that same day. This trading of imbalances can solve problems for both parties and avoid the imposition of penalties, which in the UGI service territory are very aggressive. UGI presently provides a monthly imbalance trading platform. Part of the investigation will be around cost and the recovery of cost. RESA anticipates that platforms such as a daily imbalance trading system will benefit suppliers and may result in increased costs, which means that NGS may be asked to pay at least some portion of the costs.

C. Force Majeure

> Force Majeure. The Company will revise its tariff to provide clarity regarding the process and documentation required for acceptance of force majeure declarations by suppliers.

UGI has agreed to implement a tariff provision setting out specific requirements for invocation of the protections available for FM events. Heretofore, there has been no specific standard, which can leave suppliers and UGI in a no-man's land when FM events occur. UGI provided an opportunity for all comments on the FM tariff provisions to be considered, and UGI considered and incorporated RESA's feedback in drafting its proposed FM tariff.

The proposed FM tariff will provide specific notification requirements, the need to present documentation to verify that an FM event did occur and did impact the party, and also a demonstration that the impacted party took all reasonable steps to mitigate the harm. Assuming the claiming party can substantiate that it faced an impossible situation that did not allow it to mitigate the problem, that party can be excused from penalties and other fees. This is how FM provisions are supposed to work and will work on the UGI system after the new tariff provision is approved.

D. Rate NNS

> Rate NNS. The parties agree that beginning on the effective date of new rates in this proceeding, the rate for No Notice Service ("NNS") will be established at $0.20 per dth.

The current NNS rate is $0.22 cents/MCF of increased bandwidth. What that means is that if a commercial or industrial customer wants to protect against usage swings that can cause it to be liable for penalties for being over or under the monthly delivery targets enforced by UGI, it can participate in NNS and pay for increased bandwidth +/- on its delivery requirements. With UGI's draconian penalties, it is less expensive to pay for what is essentially insurance, than to pay massive penalties that can be incurred with just one delivery mismatch. UGI's witness, Ms. Epler, testified that the cost of the service for NNS, using UGI's methodology, is $0.17. One reason that the rate was maintained above-cost was that the advocates were pleased to allow larger customers to be charged more, because the excess funds are used to subsidize utility default supply for residential and small commercial customers. As part of the Settlement, UGI and the parties have agreed to reduce the NNS rate by 2 cents to $ 0.20 per mcf – a step in the right direction.

Discussion

RESA contends that the Settlement is in the Public Interest. It promotes more efficient and fair competition on the UGI system while protecting customers from unnecessary costs. The primary issue raised by RESA in this Base Rate Case and in the last base rate case, is UGI's extreme penalties (10x highest market) for non-delivery that are multiples of those imposed by any other NGDC in Pennsylvania. While the Settlement does not directly address those penalties, it does provide or at least starts down the path of providing certain measures to mitigate those extreme penalties. Daily imbalance trading would be a major step in allowing suppliers to trade imbalances on a daily basis in order to avoid penalties. UGI has agreed to investigate the cost, cost recovery

mechanism and overall feasibility of implementing daily imbalance trading and that is a step in the right direction. The settlement is a compromise from RESA's litigation position, but it also is a positive move.

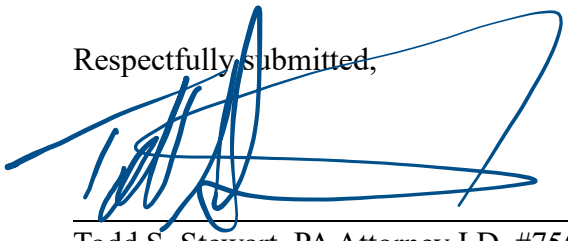
The same is true for the FM provision. RESA has been concerned for years about the lack of a defined process to address the issue of FM, particularly when the potential for substantial penalties hangs in the balance. With the defined process and requirements that are part of the Settlement, suppliers faced with those impossible situations that lead to FM will know what they must do, when they must do it and when they need to provide the appropriate documentation to make a claim of FM. Having an established tariff requirement that is within the bounds of industry standards will allow all shippers to more adeptly navigate what could otherwise be a highly uncertain and potentially punitive process. This provision allows suppliers to operate with less risk associated with occurrences outside of their control and will bring more certainty as a consequence and is the public interest for that reason and others.

This Settlement is important, in one very real way, for what it does not contain, namely, the POR restrictions introduced in this case. Those provisions would have led to the decimation of the competitive market as suppliers would have been ejected from the necessary and critically important POR program as a consequence of operating in a competitive market where prices are sometimes higher and sometimes lower than other prices.

This settlement does, however, take notice of the affordability issues that face customers throughout UGI's service territory and the Commonwealth at large, and RESA looks forward to participating in a working group effort to address the role of suppliers in evolving measures to mobilize competition to assist in solving those affordability concerns. The Settlement lays the groundwork for that process.

The measures agreed-to in the Settlement will assist in reducing penalties, reduce costs to consumers, and allow suppliers to provide more efficient service with less risk of catastrophic penalties. Further, the agreed-to measures will reduce a subsidy that impacts the entire market by reducing the Price to Compare, which some believe is a benchmark against which competition should be measured. This effort will enhance competition, bolster suppliers in providing competitive offers, and help to ensure the fairness and longevity of the market in Pennsylvania. These provisions are in the public interest and are just and reasonable. RESA urges the Commission to approve the Settlement without modification.

Respectfully submitted,



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