

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2026-3062192
Office of Consumer Advocate	:	C-2026-3062304
Office of Small Business Advocate	:	C-2026-3063114
Elaine Barnick	:	C-2026-3064323
	:	
v.	:	
	:	
UGI Utilities, Inc. – Gas Division	:	

RECOMMENDED DECISION

Before

Alphonso Arnold III
Administrative Law Judge

Barbara Shadie Nause
Administrative Law Judge

INTRODUCTION

This Recommended Decision recommends approval of the Joint Petition for Settlement of Section 1307(f) Rate Investigation (“Settlement”) filed by UGI Utilities, Inc. – Gas Division (“UGI”, “UGI Gas”, or “the Company”), the Office of Consumer Advocate (“OCA”) and the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”) (together, the “Joint Petitioners”) without modification. The Office of Small Business Advocate (“OSBA”) is not a signatory to the Settlement but does not oppose it. The Settlement requests that the undersigned Administrative Law Judges (“ALJs”) and Commission: (1) approve the

terms of the Settlement; (2) authorize UGI to file a tariff supplement for service rendered on or after December 1, 2026, that implements, subject to updates and tariff modifications traditionally performed on December 1, the Purchased Gas Cost (“PGC”) rate of \$7.7727 per Mcf; and (3) make all associated findings required by Sections 1307(f) and 1318 of the Public Utility Code (“Code”), 66 Pa.C.S. §§ 1307(f), 1318. The undersigned ALJs recommend that the Commission approve the Settlement, finding that it is in the public interest and is consistent with the requirements of 66 Pa.C.S. §§ 1307(f) and 1318. The PGC rate of \$7.7727 per Mcf is an increase of \$0.3492 per Mcf, or 4.7%, from the current PGC rate.

The statutory deadline for the Commission to act on this matter is December 1, 2026. The last reasonable public meeting date that the Commission can act is November 19, 2026.

HISTORY OF THE PROCEEDING

UGI Gas is a natural gas distribution company with gross intrastate annual operating revenues in excess of \$40 million. Pursuant to the provisions of Section 1307(f) of the Code, 66 Pa.C.S. § 1307(f), and the Commission’s gas cost recovery regulations at 52 Pa. Code §§ 53.61-53.69, the Company initiated this annual proceeding to propose PGC rates to become effective on December 1, 2026.

On May 1, 2026, the Company made its 30-day pre-filing with the Commission (containing data related to the recovery of purchased gas costs) pursuant to Section 1307(f) of the Code, 66 Pa.C.S. § 1307(f), and in accordance with the Commission’s regulations at 52 Pa. Code §§ 53.64 and 53.65.

On May 7, 2026, the OCA filed a Formal Complaint and Public Statement in this matter at Docket No. C-2026-3062304.

On May 8, 2026, I&E filed a Notice of Appearance.

On May 15, 2026, the OSBA filed a Notice of Appearance.

On June 1, 2026, UGI Gas filed its definitive PGC filing, including supporting information required by the Commission's regulations, the Company's direct testimony and exhibits and Pro Forma Tariff Supplement reflecting actual and projected changes in natural gas costs. UGI Gas is proposing a PGC rate of \$7.7727 per Mcf, effective December 1, 2026. The PGC rate of \$7.7727 per Mcf is an increase of \$0.3492 per Mcf, or 4.7%, from the current PGC rate.

On June 5, 2026, a Prehearing Conference Notice was issued which established a telephonic prehearing conference for this matter on Friday, June 12, 2026, at 10:00 a.m. A Prehearing Conference Order, which set forth rules that would govern the prehearing conference, was also issued.

On June 9, 2026, the OSBA filed a Formal Complaint and Public Statement in this matter at Docket No. C-2026-3063114.

On June 10, 2026, UGI, OCA, OSBA and I&E filed their respective prehearing memorandums.

On June 12, 2026, a prehearing conference was held in which UGI, OCA, OSBA, and I&E were represented.

On June 22, 2026, the Commission issued our Prehearing Order, which, amongst other things, adopted the litigation schedule and Commission discovery modifications agreed upon by the parties at the June 12, 2026, prehearing conference.

On June 23, 2026, a Hearing Notice was issued scheduling an evidentiary hearing in this matter for Wednesday, July 29, 2026.

On June 30, 2026, UGI filed a Motion for Protective Order which was granted by Order dated July 1, 2026.

In accordance with the litigation schedule adopted in our Prehearing Order I&E submitted direct testimony and UGI submitted rebuttal testimony.

On July 17, 2026, by email, the parties informed us that they had reached a settlement in principle that fully resolves all issues in this proceeding. As a result, the parties requested that the procedural schedule in this matter be suspended, that the evidentiary hearing be cancelled, and that the parties be directed to file a Joint Stipulation for Admission of Evidence. Additionally, the parties requested to file the Joint Petition for Settlement of All Issues, including Statements in Support, by the Reply Brief deadline date of August 21, 2026.

On July 20, 2026, a Hearing Cancellation Notice was issued cancelling the evidentiary hearing scheduled for Wednesday, July 29, 2026.

On July 22, 2026, the Commission issued our Order Directing the Filing of Settlement Documents, which directed that a Joint Stipulation for Admission of Evidence and a Joint Petition for Settlement of All Issues, including Statements in Support, be filed by August 21, 2026, the Reply Brief deadline.

On August 5, 2026, Elaine Barnick filed a Formal Complaint at Docket No. C-2026-3064323.

On August 21, 2026, UGI, OCA, and I&E filed the Settlement and a Joint Stipulation for Admission of Evidence. OSBA filed a Letter on this date indicating that it did not oppose the Settlement.¹

On August 24, 2026, the Commission issued our Order Granting Joint Stipulation for Admission of Evidence and Closing the Record.

The record in this proceeding consists of the transcript of the prehearing conference and the written testimonies and exhibits of UGI and I&E admitted into the record through stipulation. This proceeding is now ready for ruling. For the reasons discussed below, the Settlement will be recommended for approval without modification.

DESCRIPTION AND TERMS OF THE SETTLEMENT

The Settlement is a 14-page document. Appendices A through C of the Settlement are the Statements in Support of the Settlement of UGI, I&E, and OCA, respectively. OSBA is not a signatory to the Settlement, but as noted, filed a letter indicating that it did not oppose the Settlement.

The essential terms of the Settlement are found on pages 4 through 10 of the Settlement, paragraphs 24 through 36. These essential terms are restated verbatim,² below:

¹ The Settlement was served on Complainant Elaine Barnick on September 4, 2026. On September 8, 2026, the Commission served our Letter to Ms. Barnick providing her until September 16, 2026, to provide any response to the Settlement. Ms. Barnick did not file a response to the Settlement by September 16, 2026.

² The footnotes contained in this section are also stated verbatim as in the original, but the numbering may have been changed to be consistent with the footnote numbering used throughout the entire Recommended Decision.

II. TERMS OF SETTLEMENT³

A. DESIGN DAY

24. The Company will be permitted to use a design day figure for Winter 2026-2027 of 2.29 Billion Cubic Feet (“BCF”), which includes 2.223 BCF of design cold firm requirements and 0.057 BCF of capacity reserves for the Company’s firm core market (PGC and Choice Customer markets) needs. *See* UGI Gas St. No. 2, pp. 4-5. For long-term planning purposes, UGI Gas will be permitted to use a peak day demand of 2.337 BCF to evaluate capacity opportunities.

B. CONTRACT APPROVALS

25. The parties agree that the renewal of the contracts identified in UGI Gas Statement No. 2, Section VII, shall be approved. *See* UGI Gas St. No. 2, Table 2 on p. 27, Table 3 on p. 28, and Table 4 on p. 29.

C. GAS PORTFOLIO PLANNING PROCESS

26. UGI Gas will modify the Company’s hedge program to incorporate the recommendations provided in Gelber & Associates’ Portfolio Optimization Study. *See* CONFIDENTIAL UGI Gas Exhibit JLJ-5. For the Winter 2027-2028 hedge planning cycle, UGI Gas will work with its existing hedging manager to establish an increased hedging volume target and to extend the hedge purchasing window to a two-year horizon. Additionally, UGI Gas will evaluate opportunities to incorporate additional storage capacity into its supply portfolio on an ongoing basis and will include an economic analysis of any added storage contract(s) in the Company’s next annual PGC filing following contract execution. Finally, UGI Gas will explore analytical tools to modernize the Company’s planning and forecasting practices and will present recommendations in its 2027 PGC proceeding.

D. REVENUE SHARING INCENTIVE MECHANISM (‘RSIM’)

27. The RSIM will be made a permanent part of the UGI Gas tariff, as proposed in UGI Gas Statement No. 1, p. 11.

³ All other portions of the Company’s 1307(f) filing at Docket No. 2026 3062192 not specifically identified in this Settlement are approved as filed.

E. RENEWABLE NATURAL GAS

28. UGI Gas will terminate its Renewable Natural Gas (“RNG”) Pilot Program consistent with the provisions of the Settlement in Docket No. R-2021-3025652. UGI Gas will provide a final accounting of its RNG Pilot Program in its 2027 PGC proceeding. Going forward, UGI Gas will conduct an annual Request For Proposal (“RFP”) to evaluate opportunities to purchase RNG and will identify any proposed purchases in its PGC for review and approval. For any executed RNG contracts, unless otherwise prescribed by the Commission, UGI Gas will monetize the Renewable Identification Numbers (“RINs”) from the RNG purchases and apply the RSIM to any revenue generated by the RIN sales. The parties agree that UGI Gas can pursue RNG purchase agreements for the RNG supply bids identified in CONFIDENTIAL UGI Gas Exhibit JLJ-9.

F. PEAKING CONTRACT RFP MODIFICATIONS

29. UGI Gas will continue the peaking contract RFP pilot program, as agreed to in the 2025 PGC Settlement approved at Docket Nos. R-2025-3054398, *et al.* and will present the results in the Company’s 2028 PGC proceeding.

G. QUARTERLY ADJUSTMENT METHODOLOGY (“QAM”)

30. The Company will continue the side-by-side analysis of the QAM 1 and QAM 2 methods until the next PGC proceeding. In the Company’s 2027 PGC filing, UGI Gas will propose criteria for use in determining when QAM1 and QAM 2 will be used prospectively to calculate the PGC rate change as agreed to in the 2023 PGC Settlement approved at Docket Nos. R 2023-3040290, *et al.*

H. INTEREST FROM FEBRUARY 2026 CAP ADJUSTMENT

31. UGI Gas agrees to reduce the interest applied to the E-Factor resulting from the Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment, Docket No. P-2026-3060521 by \$1,156,172.

III. STANDARDS AND FINDINGS

32. This proceeding involves Commission review pursuant to Sections 1307 and 1318 of the Public Utility Code. Under Section 1307(f), the

Commission, after hearing, must determine what portion of the gas costs UGI Gas may recover for a previous 12-month period under the standards set forth in Section 1318. In addition, the Commission must determine whether the requirements of Section 1318 can be met. This determination must precede Commission approval of the Company's proposed rates. The historic period reviewed in this proceeding is the 12-month reconciliation period ending March 31, 2026. The proposed rates are intended to become effective December 1, 2026.

A. HISTORIC RECONCILIATION PERIOD STANDARDS

33. With respect to UGI Gas's gas purchases and gas purchasing practices during the 12-month historic reconciliation period ending March 31, 2026, the Joint Petitioners agree that UGI Gas has met the standards set forth in Section 1318 of the Public Utility Code, as required by Section 1307(f)(5) of the Public Utility Code. As a result, the Joint Petitioners request that the Commission find, pursuant to Section 1307(f)(5) of the Public Utility Code, and based upon the evidence presented by the Joint Petitioners in this case, that during the 12-month period ended March 31, 2026, UGI Gas has pursued a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers, as required by Section 1318 of the Public Utility Code. Information submitted by UGI Gas in support of the required statutory findings can be found in the following sections of UGI Gas Exhibit 1 and UGI Gas Exhibit 2:⁴

- a) FERC Participation (66 Pa. C.S. §§ 1317(a)(1), 1318(a)(1); 52 Pa. Code § 53.64(c)(4)): UGI Gas Exhibit 1, Section 3, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jamie Jowers, Sr. Manager – Energy Supply for UGI Utilities, Inc.
- b) Supplier Negotiations/Renegotiations (66 Pa. C.S. §§ 1317(a)(2), 1318(a)(2); 52 Pa. Code §§ 53.64(c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2 and 5, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jamie Jowers, Sr. Manager – Energy Supply for UGI Utilities, Inc.
- c) Efforts to Obtain Lower Cost Supplies (66 Pa. C.S. §§ 1317(a)(3), 1318(a)(3); 52 Pa. Code

⁴ UGI Gas Exhibits 1 and 2 are fully described in the Joint Stipulation for Admission of Evidence, which was filed on August 21, 2026.

- §§ 53.64(c)(1), (c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2, and 5, UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jamie Jowers, Sr. Manager – Energy Supply for UGI Utilities, Inc.
- d) Withheld Supplies (66 Pa. C.S. §§ 1317(a)(4), 1318(a)(4); 52 Pa. Code § 53.64(c)(6)): UGI Gas Exhibit 1, Sections 5 and 13.
 - e) Affiliated Purchases (66 Pa. C.S. §§ 1317(b), 1318(b); 52 Pa. Code § 53.65): UGI Gas Exhibit 1, Section 13.
 - f) Least Cost Fuel Procurement Policy (66 Pa. C.S. §§ 1317(a), 1318(a); 52 Pa. Code §§ 53.64(c)(1), (c)(3), (c)(6)): UGI Gas Exhibit 1, Sections 1, 2 and 5, UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jamie Jowers, Sr. Manager – Energy Supply for UGI Utilities, Inc.
 - g) Calculation of PGC Rates:
 - i) UGI Gas Exhibit 2, Schedule A – Computation of Purchased Gas Cost Rate effective December 1, 2026;
 - ii) UGI Gas Exhibit 2, Schedule B (page 1) – Development of Projected Cost of Gas (C-factor);
 - iii) UGI Gas Exhibit 2, Schedule B (pages 2-13) – Projected Supply Volumes, Rates, Costs April 2026 through November 2027;
 - iv) UGI Gas Exhibit 2, Schedule C – Development of Experienced Cost of Gas (E-factor);
 - v) UGI Gas Exhibit 2, UGI Gas St. No. 1, Written Direct Testimony of Zachary J. Shirk, Principal Analyst – Rates.
 - h) Reliability (66 Pa. C.S. §1317(c)): UGI Gas Exhibit 1, Section 14, and UGI Gas Exhibit 2, UGI Gas St. No. 2, Written Direct Testimony of Jamie Jowers, Sr. Manager – Energy Supply for UGI Utilities, Inc.

B. PROJECTED PERIOD FINDINGS

34. With respect to the 12-month period beginning December 1, 2026, the period of time during which the proposed rates would be in effect, the Joint Petitioners agree and request the Commission find that UGI Gas has satisfied each of the standards for a least cost procurement policy set forth in Section

1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1)-(4) and 1318(b)(1)-(3), based upon the evidence of record in this proceeding. Nevertheless, it is expressly understood and agreed that such findings, relating to the rates to become effective December 1, 2026, are made solely for the purpose of setting prospective rates and shall be subject to further review in an appropriate future proceeding. This Section of the Settlement, Section III.B, is not intended to limit or prevent any party from challenging projected gas purchases that actually have been made, including those made during the interim period of April 1, 2026, through November 30, 2026, and future gas purchasing practices that have been implemented, or from reviewing whether these gas purchases and gas purchasing practices have, in fact, complied with the standards of Section 1318, except as provided in Section II above.

35. If in an appropriate future proceeding gas purchases and gas purchasing practices relating to the period December 1, 2026, through November 30, 2027, are challenged, the Commission's findings made pursuant to Section III.B of this Settlement shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of or reductions to, such costs during the one-year period commencing December 1, 2026, except as provided in Section II above.

36. The Joint Petitioners also agree that future examination of the gas costs relating to the period April 1, 2026, through November 30, 2026, to determine whether UGI Gas's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Public Utility Code, 66 Pa. C.S. § 1318, shall be permitted and that the Commission's adoption of the findings under Section III.B of this Settlement shall not be construed to limit or prevent any disallowance or reduction of such costs, except as provided in Section II above.

Settlement ¶¶ 24-36.

Further, the Settlement is conditioned upon the terms typically found in most settlements before the Commission. For example, if the Commission modifies the Settlement, or fails to approve the Settlement by December 1, 2026, the Joint Petitioners may withdraw from the Settlement and proceed to litigation. The Settlement is made without any admission against, or prejudice to, any position which any party may adopt in the event of any subsequent litigation of these proceedings or any other proceeding. If

the approval of the Settlement is recommended without modification, the Joint Petitioners agree to waive the filing of exceptions. These general provisions and conditions are found on pages 10 and 11 of the Settlement, paragraphs 37 through 44.

LEGAL STANDARDS

As noted, the Joint Petitioners reached a Settlement in this proceeding resolving all contested issues.

It is the policy of the Commission to encourage settlements.⁵ Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding.⁶ In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest.⁷

UGI's filing in this case was made pursuant to Section 1307 of the Code, 66 Pa.C.S. § 1307. This is an annual filing that all large natural gas distribution companies make to reconcile their actual costs of natural gas. Section 1307 governs a sliding scale of rates and adjustments. More specifically, Section 1307(f) governs recovery of natural gas costs and allows natural gas distribution companies with gross intrastate annual operating revenues in excess of \$40,000,000 to file tariffs reflecting actual and projected increases or decreases in their natural gas costs, with the tariffs being effective six months from the date of filing.⁸ Section 1307 of the Code further provides

⁵ 52 Pa. Code § 5.231(a).

⁶ 52 Pa. Code § 69.401.

⁷ *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74Pa.P.U.C. 767 (1991).

⁸ 66 Pa.C.S. § 1307(f)(1).

that the Commission, after hearing, determine that the portion of the company's natural gas distribution costs in the previous 12-month period meet the standards set out in Section 1318 of the Public Utility Code.⁹ Section 1318 provides that no rates for a natural gas distribution utility shall be deemed just and reasonable unless the Commission finds that the utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers.¹⁰

In determining whether UGI is pursuing a least cost fuel procurement policy under Section 1318 of the Code, specific findings in Section 1318(a)(1)-(4) must be made as follows:

(1) that the utility has fully and vigorously represented its ratepayers' interests before the Federal Energy Regulatory Commission (FERC);

(2) that the utility has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to ratepayer interests;

(3) that the utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies; and,

(4) that the utility has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.^[11]

⁹ 66 Pa.C.S. § 1307(f)(5).

¹⁰ 66 Pa.C.S. § 1318(a).

¹¹ 66 Pa.C.S. § 1318(a)(1)-(4).

Furthermore, UGI purchases various transportation and storage services from an affiliate, and, therefore, with respect to purchases from affiliates, the Commission is required to make the following specific findings pursuant to Sections 1318(b):

(1) that the utility has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests;

(2) that each contract for the purchase of gas from an affiliated interest is consistent with a least cost fuel procurement policy; and,

(3) that neither the utility nor its affiliated interest has withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.^[12]

Section 1317 of the Code requires the submission of certain information to enable the Commission to make a least cost fuel procurement finding.¹³ The Commission has promulgated regulations pursuant to these statutes that include extensive filing requirements that also govern such filings.¹⁴ UGI complied with these requirements in its May 1, 2025, pre-filing.

Finally, the decision of the Commission must be supported by substantial evidence.¹⁵ "Substantial evidence" is such relevant evidence that a reasonable mind

¹² 66 Pa.C.S. § 1318(b)(1)-(3).

¹³ 66 Pa.C.S. § 1317.

¹⁴ See, 52 Pa. Code §§ 53.64 (filing requirements for natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million) and 53.65 (special provisions relating to natural gas distributors with gross intrastate annual operating revenues in excess of \$40 million with affiliated interests).

¹⁵ 2 Pa.C.S. § 704.

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.¹⁶

DISCUSSION OF THE SETTLEMENT

Below, we will summarize the positions of the Joint Petitioners with respect to the Settlement and provide our recommendation. As more fully explained below, we find that the Settlement is in the public interest and recommend its approval without modification.

UGI's position on the Settlement

Design Day (Settlement ¶ 24)

In its Direct Testimony, UGI projected a firm peak-day demand and reserve requirement of 2.29 BCF for the winter 2026-2027. This peak-day demand reflected 2.223 BCF of design-cold firm requirements and 0.057 BCF of capacity reserve requirements.¹⁷ In the Settlement, the Joint Petitioners agreed to adopt the Company's projected design day figure as identified in the Company's Direct Testimony.¹⁸

UGI asserts that the design day figure agreed to by the Joint Petitioners is necessary for UGI to ensure reliable service under design day conditions. UGI further asserts that its projected design day figure accounts for the expected growth of UGI's

¹⁶ *Norfolk & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dep't of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

¹⁷ UGI St. No. 2, at 4-5.

¹⁸ Settlement ¶ 24.

core market customers, noting that if it did not include this expected customer growth, it would put the Company at risk of underestimating peak day demand.¹⁹

Ultimately, UGI submits that its projected design day figure is in the public interest because it provides the Company with the capacity needed to respond to the needs of its core market customers on peak winter days in accordance with its obligations as the supplier of last resort. As this Settlement term is reasonable and in the public interest, UGI contends that it should be approved without modification.²⁰

Contract Approvals (Settlement ¶ 25)

UGI explains that it manages a portfolio of firm transportation, developed supplies, storage, and peaking agreements which permit the Company to continue service upon expiration of the initial term through automatic renewals, by exercising a Right of First Refusal (“ROFR”) or by exercising a right to extend the service for an agreed upon term and price adjustment.²¹ Pursuant to the Settlement, UGI will renew these contracts.²²

UGI contends that renewing these existing capacity and storage contracts is important to the Company meeting its firm service obligations given difficulties in constructing new interstate pipeline capacity.²³ UGI therefore submits that this Settlement term is reasonable and in the public interest and should be approved without modification.²⁴

¹⁹ UGI St. No. 2 at 4-10.

²⁰ UGI St. in Support at 2-3.

²¹ UGI St. No. 2 at 26.

²² Settlement ¶ 25.

²³ UGI St. No. 2 at 27.

²⁴ UGI St. in Support at 3.

Gas Portfolio Planning Process (Settlement ¶ 26)

Gelber & Associates (“Gelber”) conducted an independent and comprehensive evaluation of UGI’s natural gas procurement practices, supply portfolio composition, weather modeling, and risk management framework. UGI refers to this study as “The Gas Portfolio Optimization Study” and noted that it was conducted in response to increasing severity and market volatility associated with episodic winter cold events. The Study found that while UGI’s procurement practices were structured and compliant, there was a pattern of long-term demand forecasts used in seasonal hedge plans being consistently below actual realized demand.²⁵ As such, Gelber made five recommendations which were as follows:

- (1) Reduce reliance on winter monthly and daily purchases;
- (2) Extend the hedge program purchasing window;
- (3) Explore opportunities to increase storage supply options;
- (4) Strengthen short-term planning and procurement; and finally
- (5) Improve long-term forecasting inputs.²⁶

Pursuant to the Settlement, UGI agreed to modify its hedge program to incorporate Gelber’s recommendations. Specifically, for the Winter 2027-2028 hedge planning cycle, UGI will work with its existing hedging manager to establish an increased hedging volume target and to extend the hedge purchasing window to a two-year horizon. Additionally, UGI will evaluate opportunities to incorporate additional storage capacity into its supply portfolio on an ongoing basis and will include an economic analysis of any added storage contract(s) in the Company’s next annual PGC filing following contract execution. Finally, UGI will explore analytical tools to

²⁵ UGI St. No. 2 at 17.

²⁶ UGI St. No. 2 at 23.

modernize the Company's planning and forecasting practices and will present recommendations in its 2027 PGC proceeding.²⁷

UGI contends that these modifications to the Company's practices are expected to provide long-term cost benefits and are intended to reduce volatility over time to its customers. Therefore, UGI submits that this Settlement term is reasonable and in the public interest and should be approved without modification.²⁸

Revenue Sharing Incentive Mechanism (Settlement ¶ 27)

In its direct testimony, UGI explained that net margins derived from natural gas off-system sales, exchanges, and capacity releases (excluding Choice and operational releases) are allocated 75% to the PGC customers and 25% to the Company, with the 25% being treated below-the-line for ratemaking purposes. The current RSIM, which the Company has had as part of its tariff for more than a decade, will expire on November 30, 2026.²⁹ Pursuant to the Settlement, the current RSIM will be made a permanent part of the UGI tariff.³⁰

UGI contends that the RSIM is beneficial to customers, because it incentivizes the Company to engage in off-system sales, exchanges, and capacity releases where it is feasible to do so, crediting the majority (75%) of the net margin to customers and producing lower PGC rates than if no RSIM was in place. UGI further contends that the RSIM has operated successfully and to the benefit of customers for many years, and

²⁷ Settlement ¶ 26.

²⁸ UGI St. in Support at 4.

²⁹ UGI St. No. 1 at 10.

³⁰ Settlement ¶ 27.

therefore it is appropriate to make this a permanent part of its tariff. For these reasons, UGI submits that this Settlement term is in the public interest and should be approved.³¹

Renewable Natural Gas (Settlement ¶ 28)

Pursuant to the Settlement, UGI will terminate its RNG Pilot Program consistent with the provisions of the Settlement in Docket No. R-2021-3025652. UGI will provide a final accounting of its RNG Pilot Program in its 2027 PGC proceeding. Going forward, UGI will conduct an annual RFP to evaluate opportunities to purchase RNG and will identify any proposed purchases in its PGC for review and approval. Consistent with the Company's direct testimony³² for any executed RNG contracts, unless otherwise prescribed by the Commission, UGI Gas will monetize the RINs from the RNG purchases and apply the RSIM to any revenue generated by the RIN sales. The Joint Petitioners agree that UGI can pursue RNG purchase agreements for the RNG supply bids identified in CONFIDENTIAL UGI Gas Exhibit JLJ-9.³³

UGI states that it is interested in incorporating additional RNG into its PGC supply as there are several RNG facilities connected to its distribution system. The Company contends that fostering RNG production will provide both economic and environmental benefits for local communities and the Commonwealth.³⁴ UGI further contends that monetizing the RINs will lower the cost of the RNG to PGC customers. For these reasons, UGI submits that this Settlement term is in the public interest and should be approved.³⁵

³¹ UGI St. in Support at 5.

³² UGI St. No. 2 at 41.

³³ Settlement ¶ 28.

³⁴ See UGI St. No. 2 at 41.

³⁵ UGI St. in Support at 6.

Peaking Contract RFP Modifications (Settlement ¶ 29)

Pursuant to the Settlement, UGI will continue the peaking contract RFP pilot program, as agreed to in the approved settlement in UGI's last PGC proceeding, and will present the results in the Company's 2028 PGC proceeding.³⁶

UGI contends that extension of the RFP pilot program provides it the opportunity to gather information on the differences between four-month and five-month bids and to address the issue more thoroughly in the 2028 PGC proceeding. Therefore, UGI submits that this Settlement term is reasonable, is consistent with the settlement approved in UGI's last PGC proceeding, is in public interest, and should be approved without modification.³⁷

Quarterly Adjustment Methodology (Settlement ¶ 30)

Pursuant to the Settlement, the Company will continue the side-by-side analysis of the QAM 1 and QAM 2 methods until the next PGC proceeding. In the Company's 2027 PGC filing, UGI will propose criteria for use in determining when QAM1 and QAM 2 will be used prospectively to calculate the PGC rate change as agreed to in the settlement approved in UGI's 2023 PGC proceeding at Docket Nos. R-2023-3040290, *et al.*³⁸

UGI contends that this Settlement term provides that the parties will continue to honor the commitment made in the settlement approved in the 2023 PGC proceeding. This term will permit the Company to continue to collect information for the purpose of presenting an analysis in its next PGC filing. For these reasons, UGI submits

³⁶ Settlement ¶ 29.

³⁷ UGI St. in Support at 6.

³⁸ Settlement ¶ 30.

that this Settlement term is reasonable and in the public interest and therefore, should be approved without modification.³⁹

Interest from February 2026 CAP Adjustment (Settlement ¶ 31)

UGI agreed to cap quarterly PGC rate changes at 25% of the current PGC rate and to bring forward amounts over this cap for inclusion in subsequent quarterly adjustments. During the winter months of 2025-2026, UGI explained that it experienced natural gas commodity prices above what was forecasted in its December 1st PGC rate. The Company noted that it would not be able to fully reflect the gas costs incurred since December 1, 2025, even at the 25% cap, and that increasing the PGC rate to that level would present affordability challenges to customers who had already experienced a cold winter with high consumption at higher than anticipated gas prices.⁴⁰

To address the above concerns, the Company filed its *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, at Docket No. P-2026-3060521, in which the Company requested that it be permitted to lower its rate cap from 25% to 10% in its March 1, 2026, quarterly filing. In granting the Petition, the Commission stated that “lowering the QAM cap to 10% serves the public interest and will protect customers from immediate financial hardship during the winter heating season as costs recovery will be over a longer period of time and a lower bill impact. Cost recovery for costs incurred over the cap may be addressed in the Company’s upcoming PGC proceeding.”⁴¹

³⁹ UGI St. in Support at 7.

⁴⁰ UGI St. No. 1-R at 5.

⁴¹ *Petition of UGI Utilities, Inc. – Gas Division Requesting an Ex Parte Emergency Order to Temporarily Lower its Quarterly Adjustment Mechanism for its March 1, 2026, PGC Quarterly Adjustment*, Docket No. P-2026-3060521 (Ex Parte

In its direct testimony, I&E witness Keller took issue with the interest on the undercollection associated with the Commission's decision allowing the Company to temporarily lower the rate cap. Specifically, I&E expressed concerns that ratepayers would be responsible for an additional \$1,656,172 in interest.⁴² I&E recommended that the Company absorb this interest.⁴³

UGI Gas opposed I&E's recommendation in its rebuttal testimony, noting that the Company is permitted to collect interest on the undercollection. Further, the Company highlighted the negligible impact on customer bills, with the increase being approximately 3 cents per Mcf charge.⁴⁴

Pursuant to the Settlement, the Company has agreed to reduce the interest applied to the E-Factor by \$1,156,172.⁴⁵ In addition to the benefits customers received from temporarily lowering the rate cap, UGI contends that customers will also receive the benefit of paying only a small portion of the resulting interest on the undercollection. Therefore, UGI submits that this Settlement term is a reasonable compromise of the Joint Petitioners' positions, is in the public interest, and should be approved without modification.⁴⁶

Emergency Order issued February 19, 2026) (Ratification Order entered March 12, 2026) (*Ex Parte Emergency Order*)).

⁴² I&E St. No. 1 at 15.

⁴³ I&E St. No. 1 at 17.

⁴⁴ UGI St. No. 1-R at 9.

⁴⁵ Settlement ¶ 31.

⁴⁶ UGI St. in Support at 8.

Conclusion

In conclusion, UGI explains that the Settlement was achieved only after considerable investigation of the Company's gas procurement practices, through both discovery and the submission of testimony. UGI posits that the Settlement, if approved, will reduce the amount of expense and effort that will be required by the parties and the Commission to bring this matter to a conclusion, including preparation for and participation in hearings, preparation of briefs, reply briefs, exceptions, and replies to exceptions. Ultimately, UGI supports the Settlement as reasonable and in the public interest and asks that it be approved without modification.⁴⁷

OCA's position on the Settlement

Following the OCA's review of UGI's filing and discovery responses, the OCA did not identify issues that would require the OCA to submit testimony in this proceeding. In reaching its determination to settle, the OCA examined several aspects of the Company's filing.

First, OCA Witness Mierzwa examined the reasonableness and prudence of the Company's mix of demand entitlements and storage, including an assessment of the reasonableness of the Company's estimate of design day requirements. Mr. Mierzwa reviewed the Company's design day forecast model(s) and daily data relied upon to determine the design day temperature in each of UGI's service territories through discovery.⁴⁸ Mr. Mierzwa determined that there were no issues with UGI's design day methodology.

⁴⁷ UGI St. in Support at 9.

⁴⁸ OCA Prehearing Memorandum at 2-3.

Additionally, OCA explained that Mr. Mierzwa reviewed the workpapers, calculations and supporting documentation developing UGI's projected total design firm peak day demand for the 2026-2027 winter season, as well as the design peak day demands of PGC and end-user firm transportation customers through discovery. Following his review, Mr. Mierzwa determined that there were no significant issues with UGI's workpapers, calculations, and supporting documentation that necessitated filing testimony. Since Mr. Mierzwa did not identify any issues necessitating testimony, OCA did not file testimony in this matter.

Under the terms of the Settlement, for the upcoming 2026-2027 winter season, the Company will be permitted to use a design day figure of 2.29 BCF, which includes 2.223 BCF of design cold firm requirements and 0.057 BCF of capacity reserve requirements for the Company's firm core market (PGC and Choice Customer markets) needs.⁴⁹

In the Settlement, UGI agrees to reduce the interest applied to the E-Factor by \$1,156,172 resulting from the *Ex Parte Emergency Order*.⁵⁰ I&E Witness Keller recommended that "customers not be forced to pay for the additional interest as a result of lowering the rate cap from 25% to 10% in the March 1, 2026 quarterly filing" as I&E opposed UGI's request to lower the rate cap in the *Ex Parte Emergency Order* proceeding.⁵¹ OCA did not oppose UGI's request in the aforementioned proceeding, and the Commission subsequently granted its request finding that "[l]owering the QAM cap to 10% serves the public interest and will protect customers from immediate financial hardship during the winter heating season as costs recovery will be over a longer period

⁴⁹ Settlement ¶ 24.

⁵⁰ Settlement ¶ 31.

⁵¹ *Ex Parte Emergency Order* proceeding. I&E St. No. 1 at 13-15.

of time and a lower bill impact.”⁵² Accordingly, the reduction of the interest by \$1,156,172 is a reasonable compromise and is in the public interest.

Moreover, the Settlement requires that UGI continue the peaking contract RFP pilot program, as agreed to in the 2025 PGC Settlement approved at Docket Nos. R 2025-3054398, et al., where the results will be reviewed in the Company’s 2028 PGC proceeding.⁵³ OCA reviewed the peaking contract RFP pilot program in UGI’s PGC filing for 2023, and in support of the 2023 settlement, noted that the agreed upon provision resolved any concerns.⁵⁴ After reviewing the same matter in the above-captioned proceeding, the OCA agrees that the continuation of the peaking contract RFP pilot program as outlined in Settlement is reasonable and in the public interest.

In conclusion, OCA submits that the terms of the Settlement are in the public interest and in the interest of UGI’s ratepayers. OCA submits that the Commission should approve the proposed settlement without modification.⁵⁵

I&E’s position on the Settlement

I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission’s adoption that best serves the public interest.

⁵² *Ex Parte Emergency Order* proceeding. UGI St. No. 1-R at 6 (*quoting Ex Parte Emergency Order* at 3).

⁵³ Settlement ¶ 29.

⁵⁴ *Pa. PUC v. UGI Utilities Inc. - Gas Division*, Docket No. R-2023-3040290, Joint Petition for Settlement, App. C at 6 (Oct. 9, 2023).

⁵⁵ OCA St. in Support at 6.

I&E Witness Christopher Keller expressed concerns regarding the lowering of the rate cap in part due to concerns of potential rate shock in December 2026 when the projected rates will be set⁵⁶. In the Joint Petition at paragraph 31, the parties have agreed to reduce the interest applied to the E-factor by \$1,156,172, which I&E submits to be a reasonable compromise among the parties and to be in the public interest.

I&E maintains that the remaining specific items addressed in paragraphs 24-30 of the Joint Petition, including Design Day, Contract Approvals, modification of UGI's hedge program, incorporation of the Revenue Sharing Incentive Mechanism, termination of the Renewable Natural Gas Pilot, continuation of the peaking contract Request for Proposal pilot program per the 2025 PGC settlement⁵⁷, and continued use of side-by-side analysis of Quarterly Adjustment Methodology methods per the 2023 PGC settlement⁵⁸, are in the public interest and represent reasonable compromise among the parties.

After review of the filing and discovery, I&E explains that the information provided by the Company indicates that its gas purchasing practices have satisfied its least cost procurement obligation under the Code⁵⁹. Adhering to a least cost procurement policy benefits ratepayers and is in the public interest because least cost gas directly impacts customer gas bills, while still ensuring that customers receive safe, adequate and reliable service.

Regarding the historic reconciliation period ended March 31, 2026, I&E submits the Company has met the various requirements of Sections 1317 and 1318 as detailed in paragraph 33 of the Joint Petition. Additionally, regarding the projected

⁵⁶ I&E St. No. 1 at 13-14.

⁵⁷ R-2025-3054398.

⁵⁸ R-2023-3040290

⁵⁹ 66 Pa.C.S. § 1318.

12-month period beginning December 1, 2026, which is the period of time during which the rates proposed in this settlement would be in effect, I&E submits the Company's projected gas costs are consistent with a least cost fuel procurement policy. I&E maintains that ratepayers are protected in that UGI gains no unwarranted financial advantages through its projected gas purchases and projected gas purchasing policies.

With respect to the historic reconciliation period and with respect to the projected 12-month period, I&E submits that UGI has satisfied each of the standards for a least cost procurement policy set forth in Section 1318 of the Public Utility Code, including the standards set forth in Sections 1318(a)(1), 1318(a)(2), 1318(a)(3), 1318(a)(4), 1318(b)(1), 1318(b)(2), and 1318(b)(3), based upon the evidence of record in this proceeding.

I&E supports this Settlement as it provides regulatory certainty and a resolution of the issues, all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest. I&E supports the Settlement terms and requests that the Settlement be approved by the Commission, without modification.

OSBA's position on the Settlement

OSBA is not a signatory to the Settlement, but filed a letter with the Commission on August 21, 2026, informing the Commission that it does not oppose the Settlement. OSBA points out that it reviewed several issues in UGI's PGC filing and did not identify any aspects of the issues that were unjust or unreasonable to small business customers.

Standards and Findings (Settlement ¶¶ 32 - 36)

Regarding UGI's gas purchases and gas purchasing during the twelve-month historic reconciliation period ended March 31, 2026, the Joint Petitioners request that the Commission find that UGI has met the standards in Section 1318 of the Code, as to all actual purchased gas costs in the historic period.⁶⁰

Regarding UGI's experienced and projected gas purchases and gas purchasing practices for the eight-month interim period which began April 1, 2026, and the twelve-month period beginning December 1, 2026 (the period of time during which the proposed rates contained in the Settlement would be in effect) the Joint Petitioners request that the Commission find that UGI has met the standards in Section 1318 of the Code based upon the evidence of record in this proceeding.⁶¹

The Settlement expressly states that that these sections do limit future examination of gas costs to determine whether UGI's experienced and projected gas purchases and gas purchasing practices complied with the standards set forth in Section 1318 of the Code and that the Commission's adoption of these findings shall not be construed to limit or prevent any disallowance or reduction of such costs.⁶²

RECOMMENDATION

We find that the Settlement entered into by UGI, OCA, and I&E, and not opposed by OSBA, is supported by substantial evidence and is in the public interest.

⁶⁰ Settlement ¶ 33.

⁶¹ Settlement ¶ 34.

⁶² Settlement ¶ 36.

Approval of the Settlement aligns with the Commission’s policy to encourage settlements.⁶³ This matter being resolved through Settlement relieves the necessity for the parties to submit additional pre-served testimony, participate in hearings, file post-hearing briefs, prepare any exceptions or reply exceptions to a Recommended Decision, or undertake any appellate activities following issuance of the Commission’s decision. The costs of these activities would be borne by UGI’s customers and are avoided through the filing of the Settlement and its approval by the Commission. Ultimately, avoiding further litigation and further administrative proceedings serves judicial efficiency and allows the parties and the Commission to conserve resources.

Importantly, we note there is no opposition to the Settlement. Every active party to this proceeding, each with their own interests and concerns in this proceeding, represented that the Settlement is in the public interest and requested its approval without modification. Each party came to this conclusion after conducting discovery and investigating UGI’s filings.

We considered the Complaint filed by Elaine Barnick in making our recommendation. Ms. Barnick in her Complaint alleges the following:

“UGI just received a rather hefty rate increase in December 2025. We’re not importing our gas from some far away country, with obstacles. Their first increase was a hardship...this new one will be a disaster for most of us. How many increases do they need? They don’t work all that hard for this. They have no sense of community.”⁶⁴

For relief, Ms. Barnick requested that the Commission deny UGI’s rate increase.⁶⁵

⁶³ 52 Pa. Code § 5.231(a).

⁶⁴ Barnick Complaint, ¶ 5.

⁶⁵ Barnick Complaint, ¶ 6.

Ms. Barnick filed her Formal Complaint after the scheduled evidentiary hearing was cancelled and the Joint Petitioners indicated that they had reached a settlement in principle in this proceeding. Ms. Barnick was served with the Settlement and did not file a response to the Settlement. For the reasons we discuss here, we find that the Settlement is in the public interest and recommend its approval. Therefore, we recommend that the Commission dismiss Ms. Barnick's Complaint.

As noted, UGI must pursue a least cost fuel procurement policy in order for the Commission to deem its rates as just and reasonable.⁶⁶ Regarding UGI's gas purchases and gas purchasing practices during the twelve-month historic reconciliation period ended March 31, 2026, and UGI's experienced and projected gas purchases and gas purchasing practices for the eight-month interim period which began April 1, 2026, and the twelve-month period beginning December 1, 2026, we find that UGI is pursuing a least-cost fuel procurement policy as required by Sections 1318(a) and (b) of the Code.

Specifically, the record evidence demonstrates that UGI has: 1) engaged in least cost policies to procure natural gas for its customers; (2) requested rates for purchased gas costs that are just and reasonable; (3) fully and vigorously represented the interests of its ratepayers in proceedings before the FERC and other relevant non-PUC proceedings; (4) took all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself or alleviate the impact from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers; (5) took all prudent steps necessary during the relevant time period to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies; (6) did not withhold from the market or cause to be withheld from the market any gas supplies which should have been used as part of a least

⁶⁶ See 66 Pa.C.S. § 1318(a).

cost fuel procurement policy; (7) fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests; and (8) obtained contracts for the purchase of gas from any affiliated interest during the relevant time period consistent with a least cost fuel procurement policy.⁶⁷

As acknowledged by the Settlement, in finding that UGI is pursuing a least-cost fuel procurement policy pursuant to Section 1318 of the Code concerning the rate to become effective December 1, 2026, the Commission and future complainants are not prevented from examining, after such projected gas purchases have been made and gas purchasing practices have been implemented, whether UGI's gas purchases and gas purchasing practices have indeed complied with Section 1318. The findings concerning the rate to become effective December 1, 2026, are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318 and further reviewed in an appropriate future proceeding.

Therefore, for the above reasons, we recommend that the Commission find that the Settlement filed at Docket No. R-2026-3062192 on August 21, 2026, constitutes a fair, just, and reasonable resolution of the Commission's investigation, and that it is in the public interest. We further recommend that the Commission adopt the Settlement without modification. Additionally, we recommend that the associated Formal Complaints filed by OCA at Docket No. C-2026-3062304 and OSBA at Docket No. C-2026-3063114 be deemed satisfied and marked closed, and that the Formal Complaint filed by Elaine Barnick at Docket No. C-2026-3064323 be dismissed and marked closed.

⁶⁷ See 66 Pa.C.S. § 1318(a), (b).

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter and the parties to this proceeding. 66 Pa.C.S. §§ 501, 1301, 1307(f), 1317, 1318.
2. Commission policy promotes settlements. 52 Pa. Code § 5.231.
3. Settlements lessen the time and expense the parties must expend litigating a case and at the same time conserve administrative hearing resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully litigated proceeding. 52 Pa. Code § 69.401.
4. In order to accept a settlement, the Commission must first determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).
5. The decision of the Commission must be supported by substantial evidence. 2 Pa.C.S. § 704.
6. "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 & W. Ry. Co. v. Pa. Pub. Util. Comm'n*, 413 A.2d 1037 (Pa. 1980); *Erie Resistor Corp. v. Unemployment Comp. Bd. of Rev.*, 166 A.2d 96 (Pa. Super. 1961); *Murphy v. Pa. Dept. of Pub. Welfare, White Haven Ctr.*, 480 A.2d 382 (Pa. Cmwlth. 1984).

7. UGI Utilities, Inc. – Gas Division is pursuing a least cost fuel procurement policy during the relevant time period consistent with its obligation to provide safe, adequate and reliable service to its customers in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

8. UGI Utilities, Inc. – Gas Division’s rates for purchased gas costs, as the parties have agreed upon in this proceeding, during the relevant time period are just and reasonable and in compliance with Section 1318 of the Public Utility Code. 66 Pa.C.S. § 1318.

9. UGI Utilities, Inc. – Gas Division has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission during the relevant time period in compliance with Section 1318(a)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(1).

10. UGI Utilities, Inc. – Gas Division has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve itself from terms in existing contracts with its gas suppliers, which are or may be adverse to the interests of its ratepayers, during the relevant time period in compliance with Section 1318(a)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(2).

11. UGI Utilities, Inc. – Gas Division has taken all prudent steps necessary during the relevant time period to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies in compliance with Section 1318(a)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(3).

12. UGI Utilities, Inc. – Gas Division has not withheld from the market or caused to be withheld from the market during the relevant time period any gas

supplies, which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(a)(4) of the Public Utility Code. 66 Pa.C.S. § 1318(a)(4).

13. UGI Utilities, Inc. – Gas Division has fully and vigorously attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests during the relevant time period in compliance with Section 1318(b)(1) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(1).

14. UGI Utilities, Inc. – Gas Division’s contracts, if any, for the purchase of gas from any affiliated interest during the relevant time period are consistent with a least cost fuel procurement policy in compliance with Section 1318(b)(2) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(2).

15. Neither UGI Utilities, Inc. – Gas Division, nor any affiliated interest, during the relevant time period has withheld from the market any gas supplies, which should have been used as part of a least cost fuel procurement policy in compliance with Section 1318(b)(3) of the Public Utility Code. 66 Pa.C.S. § 1318(b)(3).

16. The Commission should approve, without modification, the Joint Petition for Settlement of Section 1307(f) Rate Investigation that UGI Utilities, Inc. – Gas Division, the Office of Consumer Advocate, and the Commission’s Bureau of Investigation and Enforcement have submitted at this docket as in the public interest. *Pa. Pub. Util. Comm’n v. York Water Co.*, Docket No. R-00049165 (Order entered Oct. 4, 2004); *Pa. Pub. Util. Comm’n v. C S Water & Sewer Assocs.*, 74 Pa.P.U.C. 767 (1991).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Settlement of Section 1307(f) Rate Investigation filed by UGI Utilities, Inc. – Gas Division, the Office of Consumer Advocate, and the Pennsylvania Public Utility Commission’s Bureau of Investigation and Enforcement at Docket Nos. R-2026-3062192, C-2026-3062304, C-2026-3063114, and C-2026-3064323, dated August 21, 2026, be approved in its entirety without modification.

2. That UGI Utilities, Inc. – Gas Division be authorized to file a tariff supplement for service rendered on or after December 1, 2026, that implements, subject to updates and tariff modifications traditionally performed on December 1, the Purchased Gas Cost rate of \$7.7727/Mcf.

3. That UGI Utilities, Inc. – Gas Division be authorized to file a tariff supplement, on at least one day’s notice to the Commission, containing changes in rates to provide for the recovery of its costs of purchased gas, consistent with the terms and conditions of the Joint Petition for Settlement of Section 1307(f) Rate Investigation.

4. That UGI Utilities, Inc. – Gas Division, the Office of Consumer Advocate, and the Commission’s Bureau of Investigation and Enforcement, shall comply with the terms of the Settlement of Section 1307(f) Rate Investigation submitted in this proceeding, as though each term and condition stated therein had been the subject of an individual ordering paragraph.

5. That upon the filing of a tariff supplement by UGI Utilities, Inc. – Gas Division, acceptable to the Commission as conforming with this Order and the Joint Petition for Settlement of Section 1307(f) Rate Investigation, and the Commission’s approval thereof, the purchased gas rates established therein shall become effective for service rendered on and after December 1, 2026.

6. That the Formal Complaint of the Office of Consumer Advocate at Docket No. C-2026-3062304 be deemed satisfied and marked closed.

7. That the Formal Complaint of the Office of Small Business Advocate at Docket No. C-2026-3063114 be deemed satisfied and marked closed.

8. That the Formal Complaint of Elaine Barnick at Docket No. C-2026-3064323 be dismissed and marked closed.

9. That upon acceptance and approval by the Commission of the tariff supplement and supporting data filed by UGI Utilities, Inc. – Gas Division, as being consistent with the Commission’s Order and the Joint Petition for Settlement of Section 1307(f) Rate Investigation, the inquiry and investigation at Docket Number R-2026-3062192 shall be terminated and the docket marked closed.

Date: September 17, 2026

/s/
Alphonso Arnold III
Administrative Law Judge

/s/
Barbara Shadie Nause
Administrative Law Judge